ANNUAL REPORT 2012

aramex
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MISSION

To be recognized as one of the top five global logistics and express transportation service providers.

PURPOSE

To enable and facilitate regional and global trade and commerce responsibly.

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FOREWORD

BY FADI GHANDOUR - FOUNDER OF ARAMEX

Aramex turned 30 in 2012. From very humble beginnings in 1982, today it spans the globe. And I say without hesitation that our 14,000 strong community of hardworking, talented, engaged and motivated people, is indeed our biggest achievement.

We have purposefully built an organization that operates in a seamless, interactive and open manner; one that learns, mentors, inspires and enables. By investing in and empowering our cadre, we succeeded in turning flexibility and agility into key service features and entrenching entrepreneurship at the heart of Aramex's identity. Today, no less than yesterday, innovation defines us. Frontliners, team leaders, managers and the top brass alike are wedded to creative solutions in service and technology.

From the outset, it was crucial for us to maintain a flat organization, and that we did—religiously. We devoted ourselves to nurturing and unleashing Aramex's talents, while keeping its operations lean and cost efficient, growing one client at a time, one market at a time.

Our history is rich with innocence and grit. We dreamt big and thought nothing of obstacles.

We identified our niche markets, took the risk, went to work and built an international brand. We specialized in what we knew best and learned along the way. The mistakes were many, and they, of course, were our best teachers.

We adopted the industry's best practices and dared even to improve upon them. We understood the costs and challenges of competing globally and forged a strategic alliance with a network of companies similar to Aramex that continues to serve our clients. But most importantly, we shared. We shared our knowledge, expertise, quality of service, technology and standards. We knew then as we know now that our success is tied to our partners.

Throughout Aramex's journey, we seized opportunities and thrived on them, remaining local wherever we went and mastering every market, not just commercially, but also economically, socially and culturally. We belonged to the communities we served and their interests were always a priority. We knew early on that we cannot prosper if our bottom-line is divorced from our societies. This commitment to our stakeholders is reflected in everything we do: in the way we run the company, partner with suppliers, deliver for customers, collaborate with communities and work so hard to lighten our footprint on the environment.

This is why Aramex is a platform for collective innovation and ambition. This is why it is an organization with a holistic stakeholder view.

FADI GHANDOUR
Founder and Vice-Chairman

ABDULLAH M. MAZRUI
Chairman

HUSSEIN HACHEM
CEO

LETTER FROM THE CEO

Dear Stakeholder,

We are proud to present Aramex's Annual Integrated Report for 2012, marking our 30th anniversary year. This is our third year producing a comprehensive report that combines our financial and non-financial performance, outlining the interdependent relationship between our sustainable business practices and our overall performance as a company.

The year was another highly successful one for Aramex, marked by a number of achievements and accomplishments. Our results for 2012 reflected robust financial performance, with significant growth in all services and across most markets, and total revenue of AED 3,105 million (USD 845.5 million) – representing a 21 percent increase over 2011. Our net profits grew by 15 percent to AED 244.1 million (USD 66.4 million), driven by robust operations in our core markets, including the Gulf Cooperation Council (GCC) countries and South East Asia.

Aramex has consistently demonstrated healthy growth, and continued to expand its operations, venturing into new regions and markets to better serve its clients. In line with our global expansion strategy, we continued to explore opportunities in growth markets in Asia and Africa to further strengthen our position in those regions. We have also focused on integrating the companies acquired last year, in South Africa and Kenya, into our global network, by extending our full support, sharing our expertise and resources, leveraging our technology and systems, and introducing new services to their respective markets. Meanwhile, in our efforts to always deliver on our promises to our clients, we continued to concentrate on producing a seamless customer experience. To that end, we have focused on upgrading our infrastructure in core markets, with significant investments in new technologies and purpose-built logistics facilities at existing Aramex locations in the Middle East and North Africa.

Expansion into new markets and growth in operations were coupled with investments in communities. In 2012, we crafted partnerships with communities in Kenya, Uganda and South Africa with a focus on youth, entrepreneurship and education. We also reached new milestones with our partnership with Ruwwad for Development – a non-profit community empowerment organization that helps disadvantaged communities overcome marginalization through youth activism, civic engagement and education – by taking the model to communities across the Middle East with active operations today in Izbet Khairallah (Cairo, Egypt), Budrus (Palestine) and Tripoli (Lebanon).

As a company that puts its people at the forefront of its priorities, 2012 was no exception. Our commitment to developing talent led to additional investments in our Corporate University, which included a comprehensive revision of our technical training material and ongoing leadership development programs. Our focus remains to build on Aramex's history as a place that attracts and retains talent – an environment that nurtures skills, recognizes and rewards innovation, encourages intrapreneurship and empowers employees at the frontline.

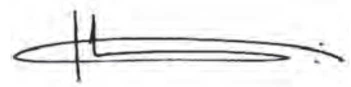
We believe that intrapreneurship and entrepreneurship empower individuals and communities alike and contribute to our collective growth. Our talented employees not only continued to be intrapreneurial in running our daily operations but they have extended their support to entrepreneurs with mentorship, strategic support and providing innovative solutions to start-ups and SMEs. We also continue to nurture long-term partnerships with organizations that support entrepreneurs through education, mentorship, access to capital and networks such as Injaz Al Arab, Wamda and the MIT Enterprise Forum to name a few.

In 2013, we plan to continue with our expansion strategy to extend our global reach. We will focus on maximizing our footprint in key growth markets in South East and Central Asia, as well as in Africa. We aim to build more connections between our hubs and different markets, while capitalizing on the untapped potential for e-business in emerging markets and strengthening South–South trade between growth markets in Asia and Africa.

This report has been prepared in accordance with both International Financial Reporting Standards (IFRS) and the guidelines of the Global Reporting Initiative (GRI), and reaffirms our commitment to the United Nations Global Compact (UNGC). Following an independent audit, Aramex received an A+ rating from the GRI for the sixth year running in 2012.

We look to the future with great optimism and confidence, as we continue to find innovative ways to partner with our stakeholders and deliver on our promises.

ABDULLAH M. MAZRUI
Chairman



HUSSEIN HACHEM
CEO

ARAMEX OVERVIEW

Established in 1982, Aramex is a global provider of comprehensive logistics and transportation solutions. In our 30th Anniversary, we are proud to have played a part in shaping the transportation and logistics industry. Today we are at the forefront of our industry, launching pioneering services to enable and facilitate trade and commerce for over 60,000 customers, representing a global brand that continues to expand into new areas around the world.

In 1997, Aramex was the first company from the Arab world to trade on the NASDAQ, later moving into private ownership through a leveraged management buyout with Dubai-based private equity firm, Abraaj Capital. Today, Aramex is a publicly traded company on the Dubai Financial Market (DFM: ARMX), leading a strong global alliance network of over 40 organizations. We currently employ more than 13,900 people in over 60 countries across the GCC, the Levant, Africa, Asia, Europe and North America.

We believe in acting responsibly towards all of our stakeholders, and pride ourselves on keeping our commitments to customers, business partners, shareholders, employees and communities. We have always viewed sustainability as a management approach that is embedded in our business model and reflected in all our practices.

ABOUT THIS REPORT

Since 2007, Aramex has been reporting on its sustainable commitments and progress as a company, detailing its sustainable business practices, including the innovative policies, procedures and initiatives we have implemented to deliver on our pledges to stakeholders.

Our financial statements are maintained in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), and are reported in line with the regulatory requirements of the Securities and Commodities Authority (SCA) of the United Arab Emirates.

This report, which complies with the regulations of the UAE and the Global Reporting Initiative (GRI), maintains a rating of A+ following independent assurance. It also covers the ten principles of the **United Nations Global Compact (UNGC)**. In sharing this report, we hope to foster ongoing dialogue with our stakeholders on our progress and commitments.

OUR PERFORMANCE
CONSOLIDATED INCOME STATEMENT (IN THOUSANDS IN UAE DIRHAMS) (YEAR ENDED DECEMBER 31)

	2008	2009	2010	2011	2012
Revenues					
International express	610,343	626,588	689,111	832,370	989,933
Freight forwarding	912,599	758,790	924,101	1,073,301	1,176,041
Domestic express	295,665	302,302	331,153	373,120	598,275
Logistics	132,654	124,485	103,764	110,760	138,284
Publications and distribution	35,955	31,745	30,035	28,318	25,630
Others	92,738	116,877	133,832	152,844	177,223
Total Revenues	2,079,954	1,960,786	2,211,996	2,570,713	3,105,386
Shipping costs	1,041,971	852,745	1,021,830	1,219,022	1,441,000
Gross profit	1,037,983	1,108,041	1,190,166	1,351,691	1,664,386
Share of profits (losses) from JV's	0	130	(256)	(554)	(3,660)
Share of profits (losses) from an associate				(200)	(335)
Operating expenses	364,961	412,798	444,596	508,495	613,820
Selling, general and administrative expenses	497,797	489,334	519,087	591,302	753,412
Operating income	175,225	206,039	226,227	251,141	293,159
Interest income	5,375	14,204	16,283	7,360	4,294
Interest expense	(3,442)	(1,830)	(1,166)	(1,756)	(2,842)
Gain (loss) on sale of fixed assets	(853)	(259)	(458)	(8)	(458)
Exchange gain (loss)	1,771	(1,090)	1,264	203	(809)
Other income (loss)	1,869	1,100	2,362	2,422	4,986
Income before income taxes from continuing operations	179,945	218,163	244,512	259,367	298,330
Provision for income taxes	(10,573)	(11,441)	(14,935)	(17,640)	(26,676)
Non-controlling interests	(22,051)	(22,435)	(25,485)	(30,420)	(27,393)
Discontinued Operations				231	(142)
NET INCOME	**147,321**	**184,287**	**204,092**	**211,538**	**244,119**

CONSOLIDATED BALANCE SHEET DATA (IN THOUSANDS OF UAE DIRHAMS) (YEAR ENDED DECEMBER 31)

	2008	2009	2010	2011	2012
BALANCE SHEET DATA:					
Working capital	447,668	570,611	650,340	477,645	488,826
Total assets	1,845,307	2,058,222	2,286,458	2,492,781	2,715,166
Total liabilities & Non-controlling interests	437,768	462,566	505,459	627,671	701,523
Total shareholders equity	1,407,539	1,595,656	1,780,999	1,865,110	2,013,643

GEOGRAPHICAL BREAKDOWN OF REVENUES (IN MILLIONS OF UAE DIRHAMS)

YEAR 2012

DESCRIPTION	INTERNATIONAL EXPRESS 32%		FREIGHT FORWARDING 38%		DOMESTIC & OTHERS 30%		TOTAL COMPANY 100%	
Middle East and Africa	1,083.8	76.3%	893.7	64.2%	770.6	80.0%	2,748.1	72.8%
Europe	128.2	9.0%	377.8	27.1%	101.6	10.6%	607.7	16.1%
North America	47.1	3.3%	51.8	3.7%	10.9	1.1%	109.8	2.9%
Asia	161.3	11.4%	69.0	5.0%	80.1	8.3%	310.4	8.2%
Elimination	(430.4)		(216.2)		(23.9)		(670.6)	
TOTAL	989.9	100%	1,176.0	100%	939.4	100.0%	3,105.4	100%

YEAR 2011

DESCRIPTION	INTERNATIONAL EXPRESS 31%		FREIGHT FORWARDING 42%		DOMESTIC & OTHERS 27%		TOTAL COMPANY 100%	
Middle East and Africa	859.6	71.3%	739.3	59.0%	543.0	78.8%	2,141.8	68.0%
Europe	108.6	9.0%	391.3	31.2%	91.1	13.2%	591.0	18.8%
North America	83.3	6.9%	44.9	3.6%	3.5	0.5%	131.7	4.2%
Asia	154.6	12.8%	77.2	6.2%	51.4	7.5%	283.2	9.0%
Elimination	(373.7)		(179.4)		(23.9)		(577.1)	
TOTAL	**832.4**	**100%**	**1,073.3**	**100%**	**665.0**	**100.0%**	**2,570.7**	**100%**

RESULTS OF OPERATIONS

The following table sets forth-for the period indicated- the percentages of total revenues represented by certain items in the company's consolidated statement of income

	2008 %	2009 %	2010 %	2011 %	2012 %
Revenues					
International express	29.3	32.0	31.2	32.4	31.9
Freight forwarding	43.9	38.7	41.8	41.8	37.9
Domestic express	14.2	15.4	15.0	14.5	19.3
Logistics	6.4	6.3	4.7	4.3	4.5
Publications and distribution	1.7	1.6	1.4	1.1	0.8
Others	4.5	6.0	6.1	5.9	5.7
Total Revenues	100.0	100.0	100.0	100.0	100.0
Shipping costs	50.1	43.5	46.2	47.4	46.4
Gross profit	49.9	56.5	53.8	52.6	53.6
Operating expenses	17.5	21.1	20.1	19.8	19.8
Selling, general and administrative expenses	23.9	25.0	23.5	23.0	24.3
Operating income	8.4	10.5	10.2	9.8	9.4
Income before income taxes from continuing operations	8.7	11.1	11.1	10.1	9.6
Provision for income taxes	0.5	0.6	0.7	0.7	0.9
Non-controlling interests	1.1	1.1	1.2	1.2	0.9
Discontinued Operations				0.0	0.0
NET INCOME	7.1	9.4	9.2	8.2	7.9

KEY INFORMATION

	2009	2010	2011	2012
% of Pre-Tax Profits for Corporate Activism	2.50%	2.60%	2.33%	2.15%
OUR PEOPLE				
Number of Direct Employees	8,101	8,675	9,500	11,432
Number of Indirect Employees	623	995	1,627	2,556
% Of Increase in Employment	6%	7%	10%	20%
% of Female Employees From Total Aramex Employees	11%	11%	12%	15%
% of Females in Management	25%	25%	17%	20%
# of Locally Hired Management	277	338	344	525
Average Training hour per employee	17	21	20	15
% of employees where covered by our training	N/A	N/A	N/A	80%
HEALTH AND SAFETY PERFORMANCE INDEX				
Summary				
Fatalities	0	2	0	2
Accidents per Million Shipments	20	14.3	12.3	9
Percentage change in accidents per Million Shipments	-28%	-21%	-14%	-30%
Lost Time Injuries per Million Shipments	1.1	2.6	6.7	5
Lost Time Injuries Frequency Rate	0.51	0.41	0.33	0.18

SUSTAINABILITY AS A STRATEGIC INVESTMENT

Our management approach is founded on our commitment to creating long-term sustainable value for all stakeholders, and has evolved from the belief that sustainable business practices and strong financial results go hand-in-hand. Sustainability influences every decision we make as a company; our federal, decentralized structure empowers our people to adapt effectively to evolving customer needs, representing a business model that allows us to swiftly respond to forces of change. Our ethos is to work as corporate citizens, engaged in the communities in which we operate, creating job opportunities and addressing the needs of communities.

Aramex's corporate activism is based on strategic partnerships that deliver long-term viability and impact, with an emphasis on education and youth empowerment, entrepreneurship, community development, emergency relief, sports and the environment.

To keep our stakeholders informed of our sustainability initiatives, we utilize our dedicated web portal (www.aramex.org) as an interactive platform where stakeholders can engage in discussions regarding the latest sustainability trends. We also utilize online social media channels to engage our stakeholders and increase their awareness of corporate activism.

We are deeply aware of our responsibility to the environment and we carefully monitor our environmental impact and aim to reduce our resource consumption while adhering to international standards for environmental protection.

OUR SERVICES

International Express Delivery

Aramex provides global door-to-door shipping solutions for time-sensitive documents and packages to customers across all industries. We offer a range of express services to suit customers' needs in terms of cost and speed, as well as real-time online tracking updates, automatic delivery notifications, proof-of-delivery, and a variety of import, export and customs clearance services.

In 2012, we witnessed a major e-commerce boom in several of the regions we serve – in the GCC, with manufacturing countries like Turkey increasing exports to the Gulf, as well as in the UK, US and Singapore. As a result of this surge in our e-commerce business, we have sought to improve line-haul efficiency across multiple regions and have enhanced our delivery and customer service capacities.

We also aim to further improve the East African services delivered through our Kenyan hub via a new facility, which will greatly enhance connectivity

to countries such as Tanzania, Uganda, South Sudan, Burundi and Rwanda.

In 2012, Aramex became fully compliant with the European Union's ICS (Import Control System), a security regulation that manages the import of goods into EU customs territory.

Freight Forwarding

Our freight services comprise air, land and sea transportation, providing cost-effective delivery for heavier, less time-sensitive packages. Freight services range from port-to-port shipping to full door-to-door delivery, with options for temperature-controlled haulage, customs clearance, advanced online tracking, third-party shipping, regional distribution, chartered aircraft or vessel services, and exhibition handling.

In response to the demand for an efficient yet more economical method of transportation, in 2012 we launched a number of scheduled multi-modal routes and customized transportation solutions, connecting the European Union (EU) and Asia to the Middle East and North Africa region via an air/land service and to Africa through an air/sea connection, and establishing an air/rail connection between the EU and the Commonwealth of Independent States (CIS).

We continue to operate one of the most extensive and advanced land freight networks in the Middle East, the United Kingdom and Ireland. Moreover have focused on expanding our ground transportation reach in the GCC and the Levant in response to rising demand for efficient inter-regional delivery services. To this end, our GCC infrastructure has expanded, with new operations facilities in Kuwait, Qatar and Bahrain – the latter in the Bahrain Logistics Zone (BLZ) offering a new solution for imports to Saudi Arabia. While we continue to offer diverse solutions in these markets, we also intend to expand further into Africa and the CIS region in 2013 with more land freight routes.

With 80 percent of international commerce moving via ocean freight, we have focused on expanding and upgrading our operations by improving our IT systems and strengthening our liner relations, as well as by launching new less-than-container-load (LCL) routes and gateways. Aramex is also introducing new shipping packages to all its clients, and offering improved rates and new inter-modal and multi-modal customized transport solutions to our customers in the GCC, Europe and Africa.

We have also expanded our freight network in Africa and added an additional revenue stream to our freight product offering by introducing a new service that caters specifically to the oil and gas industry.

Domestic Express Delivery

Our domestic service provides country-wide door-to-door delivery of urgent packages, with options including same-day or next-business-day deliveries, package collection and return services, and cash-on-delivery.

In 2012, we introduced mobile printing stations and redesigned our courier management software to optimize cash collection deliveries. This newly developed software, coupled with the new mobile printers, will help to streamline the collection and delivery of e-commerce and cash-on-delivery shipments in the Middle East and North Africa region.

We have also successfully introduced a Nokia platform for mapping to enhance our ground operations, improving our ability to determine customer locations accurately and thereby ensure on-time collections and deliveries.

Integrated Logistics, Warehousing and Supply Chain Management

Our end-to-end logistics solutions ensure the efficient transfer, storage, and distribution of products and information throughout the supply chain, from the moment our customers' inventory leaves their suppliers or factories until it reaches retailers or end-users. This is made possible by our logistics centers, which are strategically located in key areas across the GCC, Middle East, North Africa, Western Europe and Asia, and are powered by state-of-art technologies to ensure world-class security and constant real-time visibility. In 2012, we pursued the process of achieving Occupational Health and Safety Assessment (OHSAS) certification at more of our logistics centers to ensure safe working environments for our employees.

We have always believed in technology as a key enabler in delivering service excellence

to our customers, therefore we keep investing in warehouse management software, while advanced radio frequency (RF) functionalities are currently being deployed in our logistics centers.

Our primary customer interface, www.aramex.com, has been upgraded to facilitate faster responses to specific customer requests, creating an even more convenient and navigable online experience. Through this portal, customers can instantly access their inventories at different Aramex warehouses from the convenience of their office or home.

Alongside our other services, such as third-party facilities management and consultancy, we launched our first pharmaceutical warehousing operation in 2012, acquiring all relevant licenses and establishing the necessary facilities and processes, with the aim of extending this aspect of our operations to other network locations in the coming years.

Information Management Solutions (InfoFort)

InfoFort is a wholly-owned Aramex subsidiary and the leading secure records and information management solutions provider in the MENA region, providing information security to ensure the confidentiality and preservation of client data. InfoFort solutions span the full information lifecycle, including secure storage and management of physical and electronic records, media/tape vaulting and rotation, secure shredding, IT escrow services, cheque management and consultancy.

In 2012, InfoFort expanded in Africa, establishing record management centers in Uganda and Kenya, and also completed its Business Continuity Management Program (BCP) in the UAE, Saudi Arabia and Egypt.

InfoFort's social platform for enabling information-driven sustainability initiatives, InfoCare, has also expanded during 2012, supporting several organizations (Action against Hunger, blood banks, etc.) in the Middle East and Africa by securing and automating their paper-driven processes and enabling them to become more responsive. Under the InfoCare umbrella, InfoFort has also launched key initiatives in the UAE and Egypt to support marginalized young people and women. By providing information-based skills training, these programs aim to encourage the recipients to become productive and self-sufficient members of society.

E-Business Solutions

Shop and Ship

Shop and Ship is our online shopping delivery service that enables thousands of customers around the world to receive purchased goods from online stores in the US, UK and China quickly and affordably. The service is provided in more than 35 countries across the Middle East, Africa, Europe, and Asia.

In 2012, Shop and Ship registered steady growth fuelled by growing penetration in emerging markets. Major operational enhancements and improvements in customer service channels were completed during the year to increase customer satisfaction and meet delivery expectations.

Shop and Ship has partnered with key global online service providers such as PayPal in order to facilitate more cross-benefits to new and existing customers. 2012 also marked the launch of several new destinations for Shop and Ship – primarily in Africa and the Commonwealth of Independent States (CIS).

E-Commerce Solutions

The e-commerce sector in emerging markets in the Middle East, Africa and Asia is developing at a phenomenal rate and will remain a major strategic focus for the company in the coming years. During 2012, we emphasized e-commerce development by enhancing our Shop and Ship service, partnering with leading e-commerce platform providers, and launching a new Atlantic Plus service to appeal to US-based online Small and Medium Enterprises (SMEs).

As the sector continues to develop the Middle East and other emerging markets, Aramex is leveraging its logistics expertise and infrastructure to partner with entrepreneurs and online retail sites, facilitating trade and commerce and creating economic opportunities in these markets. This growth in e-business also has potential environmental benefits as a result of the associated reductions in energy and paper consumption.

We provide a range of solutions to help both start-ups and well-established businesses to launch or expand their e-commerce operations, including warehousing and integrated logistics, payment collection services, order processing, and outsourcing of customer service through various contact centers.

STRATEGIC DIRECTION

In keeping with our strategic goals, we continue to make investments in our people, technology and infrastructure. Aramex's growing international e-commerce services, and the expansion of our presence into new high-potential markets, are two focus areas we have identified as decisive in terms of our future success. Our sustainable growth and profitability are further augmented by our ongoing efforts that are part of our overall strategy, to explore and implement innovative solutions to satisfy our customers' evolving needs, our steadfast commitment to deliver maximum value to our stakeholders, and our partnerships with local communities.

GROWTH

Strategic alliances, joint ventures, acquisitions and franchising form the foundations of our multi-faceted growth strategy, and below are more details on each of these strategies:

Acquisitions and Joint Ventures in Emerging Markets

Our success is closely linked to our strong presence in dynamic markets where rising consumerism has prompted us to expand and develop direct interaction with new customers. Acquisitions and joint ventures provide an appealing way to accelerate our entry into these new markets, mitigating the risks and allowing us to focus on our core competencies. This is why we are targeting rapidly-growing emerging economies in politically stable locations in Africa, Asia and the Commonwealth of Independent States (CIS). Our mid-term focus remains the pursuit of small- and medium-scale acquisitions and joint ventures in these areas. Not only does this allow us to establish a strong foothold in these dynamic markets, it also provides a means to unlock new opportunities for expansion into neighboring regions.

Globalizing the Aramex Brand through Franchising

We are actively seeking franchise partners who can align themselves with our vision to export the Aramex business model. Local and regional transportation companies looking to offer international services can benefit from Aramex's expertise, proven track record, brand recognition, training programs and ongoing support of their operations.

In recent years, our franchising program has undergone considerable refinement, streamlining in the process of screening, evaluation and selection, and shortening application-to-initiation times. In 2013, we aim to establish a small, specialized unit for closer communication and ongoing support and monitoring of franchising arrangements, in addition to launching a dedicated online portal to manage all franchise-related processes and updates.

Aside from providing additional revenue streams with minimal capital and management costs, franchising facilitates market entry, allowing us to benefit from local knowledge, grow our revenue base, expand brand awareness, and improve our service offering. We are currently focused on establishing franchises in Southern and Central Africa – particularly in Botswana, Zambia and Namibia – which will be closely followed by further partnerships in other parts of the continent. We are also simultaneously expanding our franchising network in Turkey.

Investing in Infrastructure and Technology to Support Organic Growth

As a global logistics and transportation services provider, Aramex possesses world-class infrastructure and technology in order to deliver the best possible services to its customers around the world. We have always believed in technology as a key enabler in delivering service excellence to our customers, and continue to improve our communications network and information systems to achieve further enhancements in the quality and efficiency of our operations and customer service. We also seek to update our existing infrastructure regularly, including through investments in new environmentally-friendly logistics facilities. In keeping with our commitment to the highest environmental standards, our Aramex-Mashreq logistics center constructed in 2012 in Cairo has received the LEED (Leadership in Energy and Environmental Design) certification, and all our other logistics centers constructed in 2012 are undergoing the certification process.

Supporting Entrepreneurship and E-businesses to Nurture Growth

As an entrepreneurial company, we believe that technology and innovation will not only drive our own success, but also help create economic opportunities for the communities we serve. Our own sustainable future hinges on our ability to open new markets, cultivate talent and encourage entrepreneurship to fuel job creation and economic growth. We believe that the best way to achieve this is through targeted development programs, which is why we continue to forge strategic partnerships with world-class institutions to provide direct mentorship and support to aspiring entrepreneurs, and actively work with local start-ups and SMEs to encourage and sustain the development of small businesses.

At the 2012 Global Entrepreneurship Summit held in Dubai, Aramex Founder and Vice-Chairman, Mr. Fadi Ghandour, announced the launch of the "Corporate Entrepreneurship Responsibility" initiative, calling upon the private sector to unite and jointly mobilize its efforts to build entrepreneurial communities in order to address contemporary development challenges.

E-commerce development remains a key strategic goal, and we view our partnerships with online retailers as a vital element in our future growth. In the coming years, the company

seeks to expand its e-commerce solutions to reach more growth markets in Asia, Africa and the Middle East, and empower SMEs to develop their markets through online platforms leveraging our extensive logistics infrastructure and expertise.

INVESTING IN OUR PEOPLE

Our success as a corporation depends to a large extent on our people. At Aramex, we recognize that a vital aspect of being a sustainable company is the ability to provide a working environment that motivates, empowers and develops the skills of our employees. We aim to nurture our people both personally and professionally by maintaining a supportive culture in which everyone is encouraged to achieve their full potential. Our learning and development strategy has always relied on a balance of workplace-based experience, personal development support and feedback. We also continue to offer structured training programs through our Corporate University to enhance employees' skills and encourage collaboration and networking amongst our people to support future growth. For more details on our programs, please refer to "Our People" section of this report on page 34.

CREATING VALUE FOR OUR CUSTOMERS

We are a customer-centric company, and view our customers as long-term partners. Through our close engagement and responsiveness to clients, continuous service improvement and innovation, and specifically tailored solutions, we aim to grow together with our customers and benefit from each other's success. To find out how, please see "Our Customers" section of this report on page 43.

BEING ACTIVE CORPORATE CITIZENS

Aramex has a vast network that spans continents and connects thousands of customers, affording us a unique opportunity to have a positive impact on the communities in which we operate. We believe in responsible, sustainable practices that not only fuel our global growth but also facilitate social and economic development for our stakeholders around the world. This is the foundation of our management approach, informing the nature and scope of our corporate activism and allowing us to realize our social commitments. For more details on our sustainability initiatives, please refer to "Sustainability At Aramex" on page 47 of this report.

KEY NON-FINANCIAL GOALS FOR 2013

THE FOLLOWING TABLE OUTLINES OUR KEY NON-FINANCIAL ISSUES AND THE CORRESPONDING GOALS WE HAVE SET TO ACHIEVE IN 2013:

KEY AREA	2012 GOAL	STATUS	TARGET FOR 2013
EMPLOYEES			
Human Resources Management System	Expand the adoption of our HRMS to cover the rest of the network	Achieved in 7 new locations	Complete implementation across the entire network
Employee Satisfaction and Motivation	Develop action plans in response to employee satisfaction survey results	Developed new systems to fulfill the outcomes of the survey	Continue working on action plans
Human and Labor Rights	Provide human and labor rights training programs in major stations	More than 5,000 employees trained	Train a further 5,000 employees
Learning and Development Framework	Revamp and update career development plan, ensuring alignment with the competency framework and required learning objectives	Complete	Continue to enhance career development plan
	Deliver anti-bribery and anti-corruption training across the network	More than 5,000 employees trained	Train a further 5,000 employees
Training Quality	Review and update Aramex training material	In progress	Continue process
	Expand the delivery of soft skills training	In Progress	Continue process
	Monitor and enforce the alignment of trainers with Aramex trainer selection criteria	Ongoing	Continue process
Implementation of Online Education Programs	Run and evaluate the Aramex on-line learning management system	Finalized the selection of a pilot system	Roll out system for 5 topics
Executive Education	Deliver at least one executive education program	Complete	Deliver an additional executive education program
HEALTH AND SAFETY			
Training	Continue delivery of job-specific health and safety training to all employees	Ongoing	Continue delivery
	Achieve OHSAS certification at 2 additional stations	Achieved at 1 station; renewed at 4	Achieve at 5 more stations
Policies and Procedures	Update emergency evacuation plans	Ongoing	Continue to update
	Update Health, Safety and Security related policies and manuals	Ongoing	Continue to update
Performance	Reduce accidents per shipment by 10%	Reduced by 27%	Reduce by a further 10%
	Achieve zero fatalities	2 fatalities during 2012	Achieve zero fatalities
	Reduce lost time frequency rate by 10%	Reduced by 15%	Reduce by a further 10%
	Reduce Lost Time Injuries per million shipments by 10%	Reduced by 23%	Reduce by a further 10%

Monitoring	Upgrade data collection and root cause analysis system for incidents/accidents	Complete	Continue to improve
Safety	Upgrade safety and physical security measures at all facilities	Complete	Continue to improve
QUALITY			
	Achieve ISO 9001 at 2 additional stations	Renewed at 2 stations	Achieve at 2 new stations
	Achieve Cargo 2000 certification	Delayed due to technical issues with regional airlines	Receive certification
	Develop a supplier evaluation form and pilot implementation with major suppliers	Rolled out for major suppliers	Implementation for all suppliers
ENVIRONMENT			
Internal Awareness	Expand the delivery of environment awareness training to all stations	Integrated into basic training program and rolled out at all stations	Continue to implement across the network for both old and new employees
Materials	Implement a waste measurement system at 10 major stations	Complete	Expand to a further 10 stations
Performance	Conduct carbon footprint analysis with a third party	Complete; third report issued	Continue reporting and carbon footprint reduction process
Facilities	Achieve LEED certification at newly constructed logistics centers in 5 locations	Achieved in 1 location	Finalize certification for all warehouses under construction
	Achieve ISO14001 at 6 stations	Prepared 6 locations for certification	Achieve certification at an additional 6 stations
CORPORATE ACTIVISM			
Engagement	Conduct 2 stakeholder dialogue sessions	1 session conducted	Conduct a second session
Reach	Expand corporate activism in our new markets, particularly in Africa	Expanded in three countries in Africa	Continue expansion, targeting emerging markets
	Support the education of around 300 young people	Supported more than 300	Support a further 400 students
	Empower entrepreneurs and SMEs by providing training programs	Ongoing	Continue programs
CUSTOMERS			
Customer Satisfaction Surveys	Identify and upgrade customer satisfaction measurement tools	Complete	Continue to improve
	Pilot new customer satisfaction measurement tools initiative at a single Aramex location	No Surveys implemented in 2012	Implement across network
Service Excellence	Encourage 50% of transactions to be conducted by electronic means via Aramex e-tools	Ongoing	Improve
	Deploy new customer service application at all locations	Applied at all locations	Continue to improve
	Upgrade current customer service policies and procedures	Ongoing	Continue to upgrade
	Upgrade contact center auditing system	Ongoing	Continue to upgrade
	Conduct customer service training for all frontline employees	Ongoing	Continue process
	Enhance incentive schemes for frontline employees	Complete	Continue to improve
	Provide customized solutions to support SMEs and entrepreneurs	Complete	Continue to enhance
Complaint Handling	Upgrade customer complaint system	Complete	Continue to improve
	Expand complaint capture mechanism to include all customer touch points	Complete	Continue to improve
Customer Engagement	Upgrade social media engagement and reporting efforts	Complete	Continue to improve

ASSOCIATIONS AND MEMBERSHIPS

INDUSTRY, NGOS, FORUMS AND FOUNDATIONS

INTERNATIONAL BODIES AND CIVIL SOCIETIES	KAMCO: Brokerage - USA	Member
	ABANA: Arab Bankers Association of North America	Member
	MCAA: Messenger Courier Association of America	Member
	Private Investors for Africa	Member
	National U.S.-Arab Chamber of Commerce	Member
	INJAZ	INJAZ al-Arab covering the Middle East
	United Nations Global Compact (UNGC)	Members since 2007. Currently engaged in the human rights, anti-bribery, and anti-corruption working groups.
	World Economic Forum (WEF)	Members of: • Global Corporate Citizenship Initiative Advisory Committee • Partnering Against Corruption Initiative (PACI) • Sustainability work stream working on Supply Chain Decarbonization
	The Arab Foundation for Sustainable Development “Ruwwad”	Founding Member
	The American Chamber of Commerce in Jordan (AmCham-Jordan)	Member
	World Trade Center	Jordan Chapter Member
	Jordan European Business Association (JEBA)	Member
	Global Reporting Initiative	Organizational Stakeholder
	Arab Sustainability Leadership Group	Part of the founding group
	Chambers of Commerce in all countries of operation	Member
	Women Against Violence Association (WAV); (www.womenav.org)	Supporter
	Arab Distributors Conference in Lebanon	Member
	Digital Opportunity Trust (DOT) Board	Member
	AMIDEAST Lebanon	Board Member

FREIGHT	International Air Transport Association (IATA)	We are IATA-approved agents with individual CODE/CASS numbers in Algeria, Bahrain, Bangladesh, Canada, China, Cyprus, Czech Republic, Egypt, Ethiopia, France, Germany, Ghana, India, Indonesia, Iran, Iraq, Ireland, Jordan, Kuwait, Lebanon, Libya, Malta, Mauritius, Morocco, Nepal, Netherlands, Oman, Qatar, Saudi Arabia, Shanghai, Singapore, Slovakia, Sri Lanka, Sudan, Switzerland, Syria, Turkey, UAE, UK, USA, and Vietnam. Some main stations are individual members, while the remaining stations are in the process of becoming IATA approved.
	The International Air Cargo Association (TIACA)	Member
	Fédération Internationale des Associations de Transitaires et Assimilés/International Federation of Freight Forwarders Associations (FIATA)	Founding member
	World Freight Alliance (WFA)	President
	Freight Forwarding Syndicate	Member
	Air Cargo Netherlands (ACN)	Member
	Fenex	Member
	EVO (Netherlands)	Member
LOGISTICS AND GROUND OPERATIONS	Supply Chain and Logistics Group	Member
EXPRESS	Express Global Distribution Alliance (GDA)	Founding member
	Express Delivery and Logistic Association	Member
INFORMATION TECHNOLOGY	Information Technology Association of Jordan (INTAJ)	Member
BUSINESS IMPROVEMENT AND EFFICIENCY	BSI Registered (British Standards Institute)	Member
SECURITY	Transported Assets Protection Association (TAPA) – Jordan	Member
	Transportation Security Association (TSA) – USA	Aramex is an indirect air carrier Aramex NYC is a member
	Customs Trade Partnership Against Terrorism (C-TPAT) - USA / Customs Dept.	TwoWay and Priority are listed agents
	Department for Transport (DfT) - UK	Listed agent (Aramex UK)
ENVIRONMENT	Arab Forum for Environment and Development (AFED)	Member
	Jordan Green Building Council (JGBC)	Member
	Abu Dhabi Sustainability Group (ADSG)	Member

GOVERNANCE

The current Aramex Board of Directors, which was elected by our Annual General Assembly on May 30, 2011, consists of the following members:

- Mr. Abdullah M. Mazrui, Chairman
- Mr. Fadi Ghandour, Founder and Vice Chairman
- Mr. Helal Al-Marri, Director
- Mr. Ahmed Al-Badi, Director
- Mr. Arif Naqvi, Director
- Mr. Charles El Hage, Director
- Mr. Ayed Aljeaid, Director
- Mr. Mana Al-Mulla, Director
- Mr. Hussein Hachem, Chief Executive Officer and Director

Aramex's nine-member Board of Directors strives to cement the company's position as a leader in corporate governance by implementing and upholding its Charter and Corporate Governance Guidelines. Eight of the Board members (89 percent), including its chairman, are independent non-executive directors, and Hussein Hachem, Chief Executive Officer, is the only management representative on the board.

The Board meets regularly, in accordance with the corporate governance code of the Securities and Commodities Authority (SCA), while shareholders are entitled to raise issues with the Board during the Annual General Meeting. Two standing Committees — the Audit Committee and the Nomination and Remuneration Committee — have their own charters that stipulate their responsibilities and tasks. The Audit Committee receives direct reports from Aramex's Internal Audit Function and briefs the Board accordingly. The Internal Audit is an independent activity designed to add value and improve the Company's operations. It employs a systematic and disciplined approach to the evaluation and improvement of the company's effectiveness in the areas of risk management, control, and governance. Operating under the International Standards for the Professional Practice of Internal Auditing set forth by the Institute of Internal Auditors, the Internal Audit provides the Board of Directors, the Audit Committee and the Management with independent assurance that financial and operational mechanisms are functioning as intended. It also serves to reassure members that appropriate control mechanisms are in place to manage areas of high-risk and implement benchmark policies, procedures and activities to achieve best practices.

In keeping with Aramex's commitment to being a responsible corporate citizen, the company's CEO, Hussein Hachem, briefs the Board regularly on the company's strategic stakeholder approach, as well as its sustainability initiatives and results, and how these elements relate to overall corporate performance. Aramex strives to continuously pursue sustainability at the corporate level, and implements internal policies relating to the environment, responsible procurement, and whistle-blowing. Strategic sustainability-related decisions are discussed at Board meetings, and Board approval is required for all major sustainability plans or targets prior to their implementation, as per the Board's code of conduct.

In line with the **AccountAbility AA1000** principle of inclusivity, shareholders and employees are encouraged to provide input via the whistle-blowing mechanism offered through the company's intranet. Our whistle-blowing policy, implemented to emphasize Aramex's commitment to transparency, ensures discrepancies are reported and dealt with promptly to ensure ethical business practices and protect employees. While the Board does not generally have direct contact with employees, it remains fully appraised of their opinions and concerns through the feedback processes offered by the Aramex system.

Each year the company's shareholders receive the Board's recommendation regarding the remuneration to be paid to the company's directors. For the year ended December 31, 2012, the Company's shareholders approved the Board's recommendation that directors would receive USD 68,000 each.

In order to automatically succeed in placing an item on the Board's agenda, a shareholder must possess a holding of at least 10 percent of the company's shares. At present, the highest holding is less than 10 percent, which means items for discussion are tabled at the Board's discretion.

Aramex is listed on the Dubai Financial Market (DFM), and complies with the Securities and Commodities Authority's (SCA) Corporate Governance Regulations for Joint Stock Companies and Institutional Discipline Criteria, a mandatory requirement since 2010. Furthermore, building on our commitment to transparency, we have produced an independent governance report in compliance with the SCA, which is available on our website.

Aramex complies with all necessary regulations related to the transportation and logistics industry, including those of local and international regulators covering the handling of hazardous material, accuracy of labeling and information regarding our services.

We strive to ensure that the impact of our services on all stakeholders is consistently positive, and that any negative impact we may have is reduced to an absolute minimum; for example, we are working tirelessly to reduce our carbon footprint.

Since we incorporated ethical business training into our induction programs in 2011, we continue to provide further training to those leading our major operations. We view our training strategy as an ongoing, continuous process, and intend to increase the types and the frequency of our programs for existing employees.

During 2012 Aramex did not experience any instances of non-compliance with local or international regulators, nor did we face any anti-competitive or antitrust legal actions—an indication of our serious efforts in ensuring all operations comply with applicable international and national laws and regulations.

Our Internal Audit Function conducts regular audits on all our offices covering all lines of business; this also includes corruption risk assessments.

We do not accept any funds from governments or political parties, and no such funds were received during 2012. Our policy remains not to lend support to any political party or movement.

Human Rights

Engrained in our organizational culture, and formalized by our signing of the United Nations Global Compact, is our steadfast attention to human rights in all our business activities. We ensure that our stakeholder-based code of conduct emphasizes the importance of human rights, including equal opportunities and treatment of employees, health and safety standards in the workplace, and respect for diversity amongst our people.

In order to ensure that our suppliers share our values, we have finalized the design of a supplier evaluation program covering all issues related to business, human and labor rights; we have started the rollout of the program to our largest suppliers as a pilot during 2012 and we shall continue the roll out for the rest of the suppliers during 2013. This is meant to ensure that all of our suppliers are fulfilling their obligations to human and labor rights requirements in all their business and non-business areas, in keeping with international standards.

MANAGEMENT (APPROACH AND SYSTEMS)

During both prosperous and challenging times alike, Aramex remains committed to delivering on its promises. Thanks to our agile business model, our entrepreneurial people and holistic management approach, we continue to achieve remarkable financial results and deliver value to all stakeholders in a time of global financial uncertainty and regional instability.

The federal nature of our structure allows us to directly contribute to local communities by providing job opportunities and economic stimulus, while our partnership model with social entrepreneurs and NGOs enables us to empower citizens and be a part of the communities we operate in. Recognizing that our core services of transportation and logistics have a direct impact on the environment, we continue to seek mitigation measures through the development of responsible policies. For example, our fleet procurement policy requires the careful consideration of vehicle emission standards, and our selection of consumables is heavily influenced by environmentally-friendly criteria. Our upgrades include the use of labels instead of paper-intensive waybills, and the automation of processes with the aim of reducing paper consumption. We also continue to engage our employees via internal awareness campaigns and training schemes that promote the conservation of energy, water and paper.

Our ongoing commitment towards responsible environmental management is reflected by maintaining ISO 14001:2004 certification at eighteen sites. We have prepared six new stations during 2012 which will be audited and certified by end of 2013.

Our people are at the heart of Aramex; we remain an equal opportunity employer and continue to invest in the ongoing training and career development of our existing human capital. By building and maintaining a culture that fosters innovation, empowerment and intrapreneurship, we continue to provide a high level of job satisfaction, thereby driving productivity. Furthermore, we ensure employee well-being by implementing the highest health, safety and security standards. Currently, we are in compliance with **OHSAS 18001:2007 principles**. We have certified one more location during 2012, achieving certification of a total of sixteen stations so far, and we are planning to certify five additional stations in 2013.

Continuous Improvement

A key element of our management approach is our pursuit of continuous improvement, including the adoption of innovative technologies and standards to achieve better monitoring and higher quality performance. Our global network remains connected through an integrated communication system, ensuring a seamless flow of information across our worldwide operations, and we continue to develop advanced tracking systems and IT solutions to enhance our services.

Our specialist Business Improvement and Efficiency team monitors and assesses our adherence to corporate policies, standards and procedures defined in the network wide 'InfoHub.' This system is continuously updated and is certified by the British Standards Institute (BSI).

We have achieved **ISO 9001:2008** certification in an additional location during 2012, achieving a total of 29 stations so far. Additionally, we have maintained certification by the Transport Asset Protection Association (TAPA) – which provides rigorous guidelines and assessment criteria to ensure a specified level of security – in eight of our stations, and we aim to obtain this certification for other facilities in our network.

GLOBAL COMPLIANCE

Aramex remains wholly committed to compliance with local and international laws, regulations and standards in our pursuit of responsible, profitable growth. We seek to build upon our existing success in the areas of policymaking, social activism and organizational improvement by pursuing best practices in:

- Stakeholder engagement
- Financial reporting
- Anti-corruption measures
- Human rights
- Labor rights
- Environmental impact mitigation

We follow the **AccountAbility (AA1000) Stakeholder Engagement Standard**, which advocates the principles of inclusivity, materiality and responsiveness. We consider our open-door policy and firm belief in inclusivity to be the key to encouraging effective decision making, and we actively encourage engagement with investors, customers, suppliers, employees and the broader community through our online portals, which act as a forum for multi-stakeholder communication. We judge our success based on our ability to address stakeholder concerns through policy making and the implementation of community and environmental initiatives.

We consider financial transparency to be a vital element of our ethical business practices. Our financial reporting systems are based on **International Financial Reporting Standards (IFRS)** and the requirements set forth by the **International Accounting Standards Board (IASB)**. We also continue to be involved with the World Economic Forum's **Partnering against Corruption Initiative (PACI)**, and are developing robust internal controls through our financial policies, code of conduct and recently-launched ethical business practices training.

Aramex has embraced and implemented core practices in the areas of anti-corruption, human rights, labor standards and the environment in accordance with the United Nations Global Compact (UNGC) – of which we are a proud signatory and active supporter. We also remain committed to protecting human rights and respecting labor standards via a human resource governance structure founded on the principles of the **United Nation's International Labor Organization (ILO)**.

We continue to adopt the **Social Accountability 8000 (SA8000) standard**, developed by Social Accountability International for independent auditing and certification of labor practices. This standard has been deployed through internal organizational audits in Egypt, England and Ireland. The outcomes of these efforts have been analyzed and have helped identify focus areas that must be addressed to meet certification requirements.

Through our commitment to the United Nations Global Compact we aspire to become an industry leader in the adoption of policies that help to build a cleaner and greener planet, and we remain committed to compliance with strict environmental standards throughout our operations.

STAKEHOLDER ENGAGEMENT

As a global company, Aramex has many stakeholders vested in its sustainability performance. We understand that our sustainability performance is a vital determinant of our relationship with our employees, customers, shareholders and the members of the communities we serve, and directly impacts our long-term growth. We proactively engage with our stakeholders to understand their needs and concerns, and in return ensure we address these in our decision making process.

We aim to keep our engagement strategy transparent, publicly disclosing key sustainability information in our annual report and through our online channels whilst also entering into more detailed dialogues with key stakeholders. Our intention is to better understand and effectively help in managing the impacts of current or future global challenges on stakeholders by finding and developing effective solutions.

Besides being best practice, this is an integral part of our strategic approach to stakeholder engagement.

In 2012, we held the latest of our multi-stakeholder engagement and consultation workshops, bringing together a wide range of stakeholders representing civil society, government, business and commerce.

These workshops encourage vibrant dialogue, thereby providing valuable input to help us improve our performance and inform the development and implementation of future management strategies. The workshop was attended by representatives from Aramex's senior management and was facilitated by a third party that captured stakeholder's key perceptions and awareness of our:

- Social investment and community partnerships
- Commitment to labor rights and human resource development
- Environmental footprint
- Customer engagement and product responsibility

Besides engaging stakeholders in discussion, the workshop also offered a training session on the key components of sustainability management. The event produced a number of valuable recommendations for us to consider when designing our future sustainability and stakeholder engagement strategies, including:

- Providing stakeholders with interactive and concise reporting
- Raising more awareness on pressing sustainability issues, and better communicating Aramex's related initiatives
- Communicating Aramex's health and safety measures and policies more effectively,
- Maximizing outreach and impact
- Maximizing environmental impact
- Communicating Aramex's long-term goals

We continue to devise new ways to engage our stakeholders, including holding workshops in other countries in the region, in order to further align our business practices with their needs and aspirations. The table below provides an overview of our main stakeholders and the processes, priorities and outcomes of our engagement with each group.

EMPLOYEES

Our diverse workforce comprises over 11,432 direct and around 2,556 indirect employees across the globe; further enriching the diversity of our workforce and increasing the number of nationalities employed in Aramex to 91.

Engagement Processes

- Operational meetings
- Station meetings, functional meetings and regional meetings
- Team brainstorming sessions
- Individual performance appraisals
- Internal surveys
- Employee social events
- Employee satisfaction surveys
- Management retreats
- Annual leaders' conferences
- Online communication (social media, email shots, video channels)
- Internal collaboration tools
- Classroom and online training, education and workshops

Priorities

- Job security and safety
- Competitive salaries and benefits
- Development through internal training, executive education and workshops
- Knowledge sharing
- Empowerment and ownership of work
- Opportunities for performance-based progression
- Healthy work environment
- Maintaining a strong corporate culture, values and reputation

Efforts and Outcomes

- Feedback-based enhancements to several Aramex functions, such as the Corporate University, to improve the quality and effectiveness of training and career development
- Global Change Leaders' program
- Celebrating our frontline employees on 'Aramex Courier Day'
- More frequent regional leaders' meetings held in various areas of operation
- Organized sports events, such as the Aramex Gulf Cup Football tournament and Jordan Football Championship
- Internal promotions of regional and national managers
- Launching Red Net: A collaborative platform within our intranet which enables our employees to interact and share knowledge on all aspects of business

CUSTOMERS

We serve over 60,000 customers spanning the Middle East, Africa, Europe, Asia, and North America. [1*]

Engagement Processes

- Personal feedback meetings
- Online communication forums, social media and live chats
- Branches and outlets
- Contact centers
- Second stakeholder engagement event in Dubai

Priorities

- Provision of customized services that cater to customers' needs
- High-quality service and responsive customer support
- Cost-effective solutions that offer competitive value for money
- On-time delivery
- Safety and privacy

Efforts and Outcomes

- Enhancements to the customer complaint system to drive ongoing operational improvements
- Roll-out of Global Case system to most locations
- Enhanced customer service through social media, web and desktop tools, iPhone application, and live chat
- Continued deployment of a state-of-the-art Aramex Contact Center system that centralizes communications, provides automated integration with the global customer database, and logs workflow activity for quality analysis and assurance purposes
- Continue with the customer service training of our frontline employees.
- Trained more than 5,000 employees on governance-related issues

1 Excluding Shop and Ship customers, who exceed 300,000.*

BUSINESS PARTNERS	
Our partners include airlines, sea cargo carriers, vehicle leasing companies, subcontractors, and NGOs.	Engagement Processes • Ongoing negotiations, transactions and service provision Priorities • Long-term business relationships with Aramex • Accessibility of new business ventures with Aramex • Providing increasing value to partners • Preservation of ethical values Efforts and Outcomes • Maintenance of open communication channels that support compatible operational standards • Provision of logistical support to NGOs • Annual General Meetings to actively engage partners in the World Freight Alliance (WFA) and the Global Distribution Alliance (GDA) • Support for SMEs and entrepreneurs • Started the implementation a supplier evaluation form in 2012 for major suppliers, and will continue in 2013 for the rest of the suppliers.
SHAREHOLDERS	
As of year-end 2012, Aramex had 24,565 shareholders, with the largest individual shareholder owning less than 10 percent.	Engagement Processes • Annual General Meetings • Annual Reports • Quarterly Earnings Reports • Press releases • Online section for Investor Relations • Direct contact through the Investor Relations Office Priorities • Above average return on investments • Effective and efficient governance • Outstanding corporate and brand reputation • Sustainable and long-term growth • High integrity and transparency Efforts and Outcomes • Consistent shareholder engagement through investor calls and meetings • Sustained profitability and growth through 2012 • Sound business integrity
COMMUNITY	
The broader society to which Aramex services and connections extend.	Engagement Processes • Direct and indirect feedback from local communities, customers, employees, and their families • Attendance of several events to spread awareness of the importance of civic engagement in the region • Participation and investment in community events • Focus groups to address specific community issues (such as noise pollution, traffic congestion and road safety) • Partnering with national sports organizations to promote various sporting activities • Expanding our Ruwwad model to other geographic areas Priorities • Remain an engaged and proactive corporate citizen by creating shared values, responding to community needs, forging partnerships to address challenges and contributing to development • Job creation, local recruitment and competitive wages • Disaster response and facilitating individual contributions towards disaster relief • Noise management • Road safety and traffic reduction • Inclusion of marginalized communities

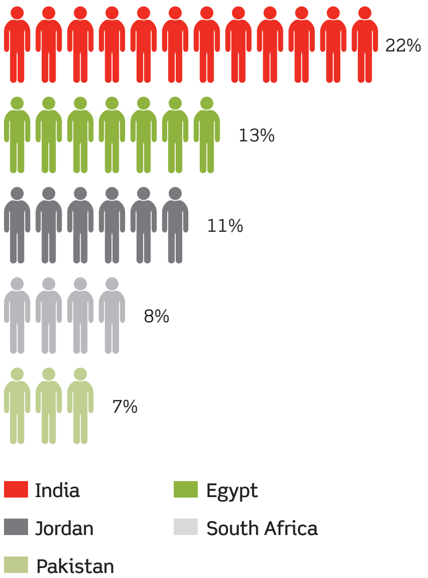
	Efforts and Outcomes • Direct community engagement via major initiatives such as our partnership with Ruwwad for Development, expanding the model in Egypt, Palestine and Lebanon • Promoting community-based entrepreneurship through the Venture Capital Fund in partnership with Ruwwad in Jordan • Expansion of community activism in new markets where we have initiated operations such as Kenya, Uganda and South Africa • Partnership with INJAZ al-Arab in ten countries and with INJAZ Gaza (for the third year) to provide local schools and universities with volunteers drawn from Aramex employees in the region • Utilization of Aramex's logistics network for emergency relief efforts in Uganda and other African countries • Encouragement and support of employee volunteerism and fundraising efforts through partnerships such as the Ruwwad enrichment and Volunteer in Dubai (VID) programs • Supporting entrepreneurship through partnerships including WAMDA, MIT and Oasis 500 • Identify new partners in the areas where we have launched new operations • Partnerships with local traffic authorities to train our couriers in road safety
THE ENVIRONMENT	
Those NGOs and other environmental stakeholders who act on behalf of future generations.	Engagement Processes • Continuing our internal environmental training and awareness campaigns • Ongoing communication with NGOs to proactively respond to any concerns or inquiries • Collaboration with institutions and networks, focusing on the environment • Use of Aramex premises as a training model for environmental organizations • Issuing the second Aramex carbon footprint report Priorities • Increased environmental awareness • Carbon footprint reduction • Green building operation • Regulatory compliance Efforts and Outcomes • Achieving LEED certification at our facility in Cairo and intensifying efforts to achieve certification for five more facilities • Testing different means of reducing fuel consumption • Continued support for the Arab Forum for Environment and Development (AFED) magazine • Reporting annually on our carbon footprint • Renewing ISO14001 certification for 2 stations and preparing six sites for certification this year • Ongoing tree-planting efforts in Jordan • Launch of pilot project for testing bio-diesel in our Dubai operations • Introduction of alternative technologies in our ground transportation fleet, including hybrid electric and battery operated scooters

OUR PEOPLE

Without the dedication, talent and insight of our people, Aramex's sustainable growth would not be possible. We believe that our people are our greatest asset and are the main drivers for our sustainable growth which is why we seek to retain a talented and skilled group of employees representing diverse ages and nationalities, as well as cultural, academic and professional backgrounds.

Employees by Nationality

We celebrate diversity at Aramex, and are proud to represent more than 91 different nationalities.



Increase In Total Employees

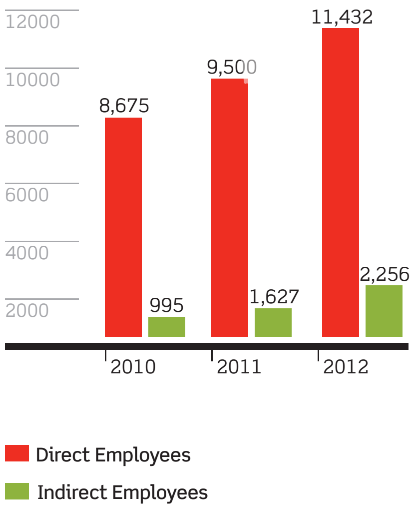
Our employees grew by 20 percent this year, owing to organic growth as well as our acquisition of Berco Express in South Africa in 2011. A general practice and strategy at Aramex is to retain the existing employees of the companies we acquire, including locals, instead of hiring foreign employees in their place.

Below is a table that shows Aramex's workforce broken down by region and gender based on the scale of our operations. Indirect employees are those who are hired by companies we sub-contract, and not directly by Aramex.

Our employees grew by 20 percent this year

Direct vs. Indirect Employees

Securing sustainable jobs is part of our commitment to the communities in which we operate. This is clearly reflected in our employment policies and demographic breakdown of our personnel, which mostly comprises of direct employees (82 percent).

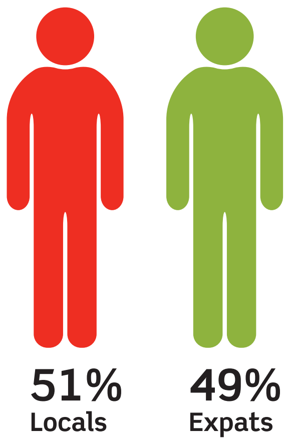


We rely on indirect employees for projects in some countries, but ensure that we hire them from companies that guarantee the sustainability of their jobs. Indirect employees represent 18 percent of our total personnel.

Locals vs. Expatriates

We believe in cultivating a workplace built on ethnic and cultural diversity, and employees with a broad range of expertise. We seek to create jobs for local people in countries in which we operate; 51 percent of our managers are local and 49 percent are expatriates.

Managers:

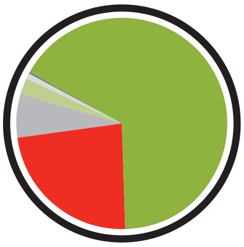


TOTAL WORKFORCE BROKEN DOWN BY REGION AND GENDER, BASED ON THE SCALE OF ARAMEX'S OPERATIONS

	Africa		Europe & North America		India & East Asia		GCC & Levant	
INDIRECT EMPLOYEES								
	Male	Female	Male	Female	Male	Female	Male	Female
	0	0	0	0	2,503	53	0	0
DIRECT EMPLOYEES								
	Male	Female	Male	Female	Male	Female	Male	Female
Operations	1,859	92	304	115	562	51	4,344	139
Support	512	467	80	82	397	161	1,644	623
Total	2,371	559	384	197	959	212	5,988	762

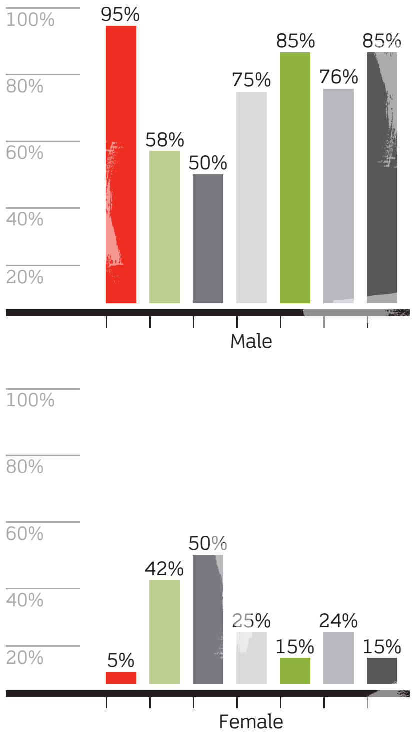
Employee Retention

We are proud of the fact that more than 30 percent of our people have been with us for more than five years. The percentage of employees that have stayed in the company for 5 years or less is 66.6 percent A lot of the employees who joined Aramex as a result of acquisitions were newly hired by their companies before the acquisition which caused an increase in the percentage of employees in the 0 to 5 years category.



- 0-5 Years 66.6%
- 6-10 Years 23.2%
- 11-15 Years 6.8%
- 16-20 Years 2.4%
- 21-25 Years 0.8%
- 25 Years And Above 0.2%

Gender Distribution across Teams



- Operations
- Customer Relationship Management
- Human Resources
- Accounting & Finance
- Information Technology
- Management & Administration
- All Teams

We have managed to expand our global team and the percentage of our female employees has increased to 15 percent of the total personnel.

Ages of our Employees

We employ a diverse range of people from different age groups that enrich our work environment with their expertise and skills; 82 percent of our employees are aged between 18 to 40 years old.

- 18 - 25 Years 19%
- 26-40 Years 63%
- 41 Years and above 18%

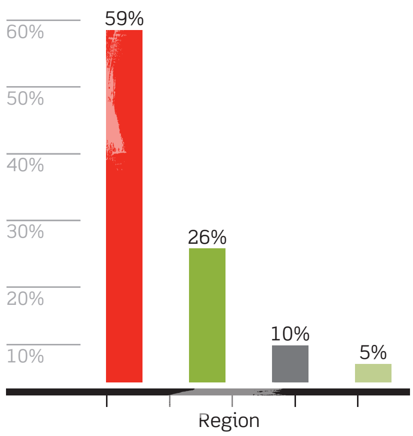
Newly Hired Employees

Below are tables displaying the total numbers and rates of new employee hires entering employment during 2012 broken down by gender, age group and region.

TOTAL NUMBER AND RATE OF NEW EMPLOYEE HIRES ENTERING EMPLOYMENT DURING 2012

	Number	New employees as a percentage of all employees
BY GENDER		
Male	2,193	19%
Female	540	5%
BY AGE GROUP		
18-25 years	1,119	10%
26-40 years	1,439	13%
41+ years	175	2%
BY REGION		
GCC and Levant	1,669	15%
Africa	543	5%
India and East Asia	389	3%
Europe and North America	132	1%
TOTAL	2,733	24%

Employees by Region



- GCC & Levant
- Africa
- India & East Asia
- Europe & North America

In 2012, Aramex has spent USD 223,665,000 in compensation for employees including salaries and benefits.

We aim to ensure that our compensation and benefits packages are not only competitive in our industry but also match or exceed local standards. For example, in South Africa, the minimum expected wage for entry-level employees in our industry is USD 400, while we offer an entry-level salary of USD 438 to all Aramex employees.

We closely abide by local labor laws and social security laws, which govern employees' retirement benefits. We guarantee health insurance cover for our employees and in some countries – Jordan, for example – we provide additional cover for diseases such as cancer. Furthermore, our human resources governance structure is founded on the principles set forth by the United Nation's International Labor Organization. As for our indirect employees, their benefits are provided by their direct employers. However, we ensure that our part time workers receive the same benefits and salaries as full time employees, maintaining the continuity and job security of these workers.

Although Aramex does not have any agreements for formal collective bargaining or agreements with trade unions, we do not employ any policy that prohibits or restricts freedom of association, collective bargaining, or membership of labor unions. In fact, our employees in Bahrain formed their own labor union three years ago. In Jordan, all our employees working as engineers or lawyers are members of their respective labor unions. In Johannesburg, South Africa, 260 of our employees are part of the South African Transport and Allied Workers Unions (SATAWU). However, in some of the countries in which we operate, unions are either illegal or inactive.

We always ensure that there is a collective and flat decision making process. In case of significant operational changes, we set a meeting with all stakeholders that would be affected by the change. After that, they decide together on the timeline of the operational change ensuring that the timeline is appropriate for all stakeholders. All our employees communicate with one another through team meetings, our intranet and instant messaging system. We also ensure that our employees are always connected by viable means of communication; for example our ground couriers are all equipped with mobile phones, and handheld scanners that are connected to our shipping management system.

Employee Training and Development

In order to further develop the skills of our employees and maximize their expertise, our HR policy mandates that each employee must receive two performance evaluations per year, while managers and higher-level management receive one annual evaluation. The evaluation process assesses employees' performance, identifies key strengths and challenges, and accordingly, sets every employee's training needs for the coming period. In 2012, 80 percent of our employees attended training programs, mostly through the Aramex Corporate University (CU), with an average participation of 35 hours for female employees, 15 hours for male employees including ground couriers, 18 hours for male employees excluding ground couriers and 10 hours for ground couriers, who are all males.

Established in 2008, Aramex's Corporate University focuses on achieving a shift from receiving training to actual learning. During 2012, we continued to provide training in technical and management skills, as well as in our code of ethics, through qualified internal trainers situated in every Aramex station across the network. The aim is to address the disconnect between the delivery of knowledge to learners and their ability to absorb it. These training programs are scheduled according to the findings of an annual training need analysis based on input from unit leaders, employees' performance appraisals and employees' career development plans, which determines the training required for each position within the organization.

As part of our continuous development strategy, in 2012 we formed new expert committees to review the content of Aramex technical training material, resulting in a complete revision of all training materials, in a process that involved all of our trainers. We followed the same process with the Career Development Plan, determining the knowledge to be acquired per function per position, and

Aramex Courier Day, Dubai

restructuring accordingly to facilitate the training process. After reviewing all training materials, we added a new Key Performance Indicator (KPI) that measures the number of employees who received at least one training opportunity.

In order to further develop the skills of employees at Aramex and for the fourth year running, in 2012 we nominated 25 of our most talented people to attend the Leadership Development Program at the American University of Beirut. All participants were middle-management employees with leadership potential who have worked at Aramex for a minimum of four years. For two weeks, our employees engaged in discussions on topics including leadership development, team building, negotiation skills, and global economic trends, and engaged in experiential learning and innovation by collaborating on a range of assigned projects.

Another talent development initiative, first launched for our senior management in 2011, is the Global Change Leaders program. This continued throughout 2012 and targeted 30 leaders, concluding in March when they presented their final projects.

With the aim of achieving a better work environment and more qualitative corporate governance, we provided a greater number of employees with the Code of Conduct and Ethics training, which covers several topics including and not limited to anti-corruption policies and Human Rights. We gave 10,000 hours of training on our Code of Conduct to more than 5,000 employees during 2012, representing 48 percent of our total personnel. The training delivered detailed information regarding human and labor rights to ensure that all our employees possess the same level of awareness when it comes to their rights and those of their colleagues. Furthermore, all of our security personnel received special training on Aramex policies and procedures, including those related to human and labor rights. In 2013, we are expanding this training to involve all our employees and will also extend the program to cover our sub-contractors.

Other plans for the near future include exploring new ways to facilitate our employees' learning experiences. We are in contact with internationally-recognized suppliers to introduce a unique learning platform by end of 2013. This platform will allow all our employees to join live sessions and exchange experiences with renowned experts from various fields. We are looking forward to this platform and plan to measure its impact and our employees' satisfaction with it.

Recruitment Policies

Our recruitment process is based on meritocracy, qualifications and ongoing assessment, and we regularly conduct interviews to ensure the right people occupy the right positions.

Whenever we work with recruitment agencies, we ensure that they adhere to ILO guidelines and that their selection criteria is based on the candidate's qualifications and experience, guaranteeing equal opportunities for all.

Our male and female employees are both entitled to equal compensation packages if they have similar qualifications, a policy that is implemented across different managerial and departmental levels throughout the organization. We also guarantee the rights of our female employees by granting them paid maternity leave. In 2012, 100 percent of our female employees returned to work after their leave ended.

Our employment policy states that we employ only those who have graduated from high school. Our global personnel of 11,432 direct employees is aged 18 and above, except for three employees; one in South Africa and one in Saudi Arabia who are both 17 and are legally allowed to work; and one employee aged 16 who works for us in England as part of our apprenticeship program offered through the UK government.

Compliance with Human and Labor Rights Laws and Guidelines

Our personnel policies, structures and activities are governed by principles and regulations of the United Nation's International Labor Organization (ILO) and the UN Convention on Human Rights. We abide by all national and international human rights, labor laws and regulations including those specified in the UN Global Compact (UNGC). To ensure that our environment protects the rights of all workers without any discrimination, we have a grievance committee in each office that allows employees to report any violations to their human or labor rights. No cases of discrimination were reported in 2012.

We run annual audits of all Aramex facilities according to Social Accountability 8000 guidelines to ensure the correct procedures and policies are followed. Action plans are developed for each station, and are followed up by our Human Resources and Sustainability teams. No human rights violations were reported across our network last year.

Our policy on sexual harassment is clearly stated and disseminated across our network. One incidence of sexual harassment was reported this year in our UAE operation. A specialized committee investigated the incident, leading to the immediate dismissal of the employee responsible, in accordance with their rights under the local labor law. We believe in providing a comfortable and professional working environment for both our male and female employees, free of any form of harassment.

During 2012, we began implementing our new Supplier Evaluation Form initiative, which covers all compliance-related issues including human and labor rights. The form was sent to major suppliers, including the airlines we work with. We are

Aramex Courier Day, Oman

currently receiving feedback and working with our suppliers to complete the process and devise action plans to address any discrepancies.

HEALTH, SAFETY AND SECURITY

One of the many commitments we make to our employees is our pledge to ensure a healthy, safe and secure working environment for all. Largely as a result of our dedication to achieving the highest standards of health, safety and security (HSS) in all aspects of our operations, we did not face any instances of HSS non-compliance during 2012.

Our increasing compliance with the Occupational Health and Safety Assessment Series (OHSAS) 18001 management standard has seen one of our stations receive certification in 2012, bringing the total number of certified stations to 16 across Europe and the Middle East. We plan to pursue OHSAS 18001 certification at five additional stations in 2013, which guarantees the highest levels of health and safety within the workplace, and covers all employee health and safety concerns.

In 2012, we began rolling out our Loss/Safety (health and safety) Committee meeting process and guidelines. We are currently using our Dubai Logistics City facility as a trial station for the new committee, and we plan to begin implementing the system in all hub stations in 2013. As per the guidelines, every station will have a safety and security manager. In smaller stations, the process will be implemented through our Business Improvement and Efficiency (BIE) team.

On a monthly basis, all incidents, accidents and near-misses are reported via the intranet system. Security and safety managers will then create a monthly report for their stations, which is relayed to the BIE team. The BIE department then checks the severity of each reported incident, the root causes behind it, how these might be rectified, and whether corrective action has been taken. Based on this information, the BIE team presents its findings at a monthly Loss/Safety Committee meeting. The committee consists of the health and safety manager of each station, a BIE team facilitator, department heads and other representatives from these departments. Any decision that is taken during a committee meeting must be shared with all employees concerned in 'toolbox' meetings that are held prior to shifts, or circulated by email

via our intranet. This process ensures that 100 percent of our people are represented in the health and safety committees that include both managers and workers, to help monitor and advise on occupational health and safety programs.

In light of the nature of our operations, our employees are not exposed to serious or chronic health conditions, except potential back and muscle-related ailments. In order to pre-empt such problems, all employees are required to attend health and safety training upon joining the company. For those who are more prone to incidents, rolling counseling and awareness sessions are held year-round, providing advice on operating heavy machinery, safe methods of carrying inventory, correct use of safety belts, and the importance of using the safety alert system. We also regularly re-iterate our zero-tolerance policy regarding drug and substance abuse in our various training sessions.

In many of the countries in which we operate, expatriate workers are expected to pass medical tests in order to receive work permits. These tests generally screen for TB, HIV and hepatitis A and B. In the event that an employee fails these tests and is denied a work permit, Aramex will facilitate his/her return trip to their country of origin or residence.

In Kenya and Uganda, our Health and Security Officers distribute regular alerts regarding the risks of exposure to diseases such as Cholera, and circulate relevant precautions to employees who are traveling to these countries.

Thanks to recent improvements to our health and safety alert system, we now receive more accurate data and subsequent analysis than ever before. We continue to measure our performance and develop our planning based on international standards such as OHSAS 18001. Statistics covering the last three years are summarized below:

HEALTH AND SAFETY SUMMARY

	2010	2011	2012
Fatalities	2	0	2
Accidents per million shipments	14	12	9
Percentage change in accidents per million shipments	-21%	-14%	-30%
Lost Time Injuries per million shipments (days)	2.6	6.6	5
Lost Time Injuries Frequency Rate	0.41	0.13	0.18

This year we regret to report two fatalities from across our global network. The incidents affected 187 of our employees, representing a Lost Time Accident (LTA) indicator value of 1.6 hours per employee. The first of the two fatalities, in Morocco, was due to a road accident; the second, in South Africa, occurred as a result of the employee's insufficient adherence to safety measures set in the warehouse.

Owing to the increase in the number of our transactions, as well as our acquisition of several new stations, the values of some of our health and safety indicators have risen. However, at the same time other indicators have decreased due to our successful implementation of a variety of new health and safety systems and training programs.

NORMALIZING INDICATORS

	2010	2011	2012
Fatalities	2	0	2
Total Shipments	29,797,799	31,196,164	38,358,816
Total lost time (days)	577	432	451
Total Lost Time Injuries	28	39	83
Total working hours across the network	18,506,304	20,292,000	24,418,752
Total working days	2,313,288	2,536,500	3,052,344

Our ongoing training programs have resulted in an improvement in certain indicators, and we have now expanded our role-specific training to include all functions. We have also teamed up with local traffic authorities in some of the countries in which we operate to deliver safe driver training to our employees.

VEHICLE RELATED INCIDENTS

	2010	2011	2012
Vehicle Lost Time (days)	426	385	330
Vehicle Accidents (resulting in injury)	13	26	30
Vehicle Accidents (no injury)	413	359	300
Vehicle Lost Time Injuries	76	208	187

As a result of the various improvements to our injury logging and reporting system undertaken during 2012, as well as the growing volume of business and the increase in the number of entities that joined our network, warehouse-related incidents this year have risen.

WAREHOUSE RELATED INCIDENTS

	2010	2011	2012
Warehouse lost time (days)	151	47	512
Warehouse Accidents (no injury/minor injury)	55	34	68
Warehouse Accidents (resulting in Lost Time Injuries)	15	13	53
Lost time per million shipments	5	2	13
Lost time/total time	0.025%	0.019%	0.030%

We continue to maintain the highest levels of physical security across our network, safeguarding all national and international human and labor rights by implementing new procedures, empowering security officers and providing our people with the proper tools, equipment and training to ensure their personal safety.

OUR CUSTOMERS

We believe that close engagement with our customers is essential in order to continue delivering high quality services and innovative products. During 2012, we have continued to streamline our customer feedback mechanisms, further reducing the time it takes to respond effectively to customer concerns.

Furthermore, our code of ethics and information security policies protect our customers' privacy and our strict adherence to these policies ensured that we did not receive any complaints in 2012 related to safeguarding our customers' private information. Our efforts have led to a deeper trust in our brand and this has enabled us to limit our advertising efforts for our services and focus more on direct interactions with customers and prospects. On the other hand, when we have advertised, we have always complied with local and international laws related to any marketing activity and as a result we have not faced any non-compliance issues this year.

In order to guarantee customer satisfaction, we employ several practices to gather customers' feedback through different channels including:

- Websites (aramex.com/ShopandShip.com)
- The Contact Center
- Sales Teams
- Retail Outlets
- Social Media Channels

Our activities in 2012 included the following initiatives and projects, designed to support and improve our customer service:

REACH System:

Deployment of the REACH System (Our Customer Relationship Management System) is now in its final phase, and more than 35 countries are now using the system, covering more than 60,000 customer records. Major enhancements related to the sales process have been introduced, alongside various other system integrations. REACH continues to support a comprehensive customer management approach by providing our team members with a holistic view of all customer interactions, as well as full visibility of individual and collective sales performance according to Key Performance Indicators.

Expanding our Services in Africa:

Aramex has brought 30 years of experience to bear in Africa by expanding operations to Kenya, Uganda, Tanzania, Ghana, South Africa, South Sudan and Tunisia, adding strength and reach to our existing network in Egypt, Libya, Morocco and Sudan. The addition of new hubs in Kenya and South Africa has allowed us to provide faster and more professional customized solutions, quality services and prices that fit the needs of all our customers. Aramex will continue to expand in key growth markets in Africa, offering our services to ever greater numbers of customers across the continent.

E-Commerce:

We have maintained a focus on e-commerce development during 2012, strengthening the core of our Business-to-Consumer (B2C) and Shop and Ship services, and partnering with leading e-commerce platform providers, such as MartJack and ShopGo. We have also extended unique business propositions to potential merchants and entrepreneurs, exploring new opportunities in consumer commerce, with integrated solutions including logistics, warehouse management

and storefronts. In order to appeal to US online small and medium sized enterprises (SMEs), Aramex launched the Atlantic Plus service, facilitating cross-Atlantic online trade. Among the many benefits of Atlantic Plus are express delivery times (3–5 business days) to customers in the Middle East and Africa, guaranteed competitive express rates across the Atlantic, and advanced Application Programming Interface (API) tools.

As part of its commitment to enhancing e-business, Aramex launched Aramex eHOUSE – the region's first purpose-built facility for e-commerce. Aramex eHOUSE is a Dubai-based pilot project that provides warehousing, logistical management, a shipment pick-up station, and workspace for entrepreneurs all under one roof. Our 2013 plans include exporting the eHOUSE concept to other major cities in our global network.

Aramex Shop and Ship maintained its impressive growth trajectory, complemented by the growing penetration of smart mobile devices in emerging markets, increasing Internet connectivity, growth in credit card usage, and aggressive marketing campaigns. Major enhancements have been completed in both the operational and customer service channels to raise customer satisfaction and delivery expectations. This year, Shop and Ship partnered with key global online players, such as PayPal, to deliver cross-benefits to existing and new customers. Several new Shop and Ship destinations were also launched in 2012, primarily in Africa and the Commonwealth of Independent States (CIS).

In addition to traditional logistical solutions for online merchants, we have focused on enhancing the cash-on-delivery (COD) service in markets where credit card penetration is low, and developed residential address delivery services. We have also improved our value-added services, such as our call centers, special operations and social media channels.

Supporting Entrepreneurship:

As part of our ongoing support for entrepreneurs, startups, and SMEs, we have designed a special product to help this critical segment of customers to expand their businesses and gain a competitive edge in their respective markets. We always rely on local suppliers and SMEs for several aspects of our business in order to support the local development in locations in which we operate.

Global Case System (GCS):

Designed to handle internal and external communication related to customer service, our GCS has been implemented across most of our network to further facilitate our customer feedback and response capabilities. The GCS has effectively become our customer service index, indicating how quickly and how well our stations are responding to customers' requests. The system is undergoing a range of enhancements to improve its performance, and accommodate new processes and other areas affecting customer service.

Customer Service Training:

Aramex continually provides customer service training to its front line employees who serve customers face-to-face and over the phone, including our call center customer management and customer service teams and this training focuses on real

life scenarios and incidents. In 2012, we have provided training to more than 550 frontline employees and 1,230 back office employees across our network, sharpening their basic communication, telephone, and time management skills.

Points-of-Sale:

We have launched six new point-of-sale locations, and preparations are underway to establish a further four in 2013 to support our customers.

Social Media:

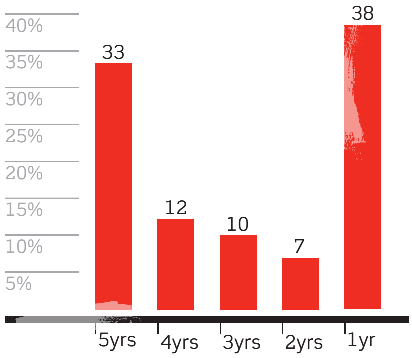
As part of our ongoing efforts to respond to customers' comments, Aramex has deployed a new system to capture feedback from social media channels (mainly Twitter and Facebook). This has allowed us to engage with customers online, responding to their inquiries, requests, and complaints. On average, we handle 200 tweets and posts per day.

Contact Center:

We have now deployed a new system to capture traffic details generated by customer calls. This has facilitated more accurate staffing and resource calculations, enhancing performance levels, decreasing abandonment rates, and ensuring that all customer calls are dealt with quickly and efficiently. The system has been deployed at three stations so far, and will be implemented at more stations in 2013. We have also established a new state-of-the-art call center in Jeddah, Saudi Arabia, to handle the increasing traffic and business growth in the Kingdom.

Customer Retention, 2012

We have proactively recruited new customers this year, while maintaining our existing customer base, as illustrated in the graph below.



Online Users:

Aramex.com offers users the ability to ship online, request pickups, track shipments and view invoices. In 2012, around 254,000 of our users were controlling their entire shipping operations online, reducing the load on customer service agents and enabling them to deal with more time-consuming customer requests. The online tracking experience has been enhanced, allowing users to track their shipments in five languages: English, Arabic, French, Turkish and Chinese. Aramex is working to add more languages and country-specific (localized) pages in 2013.

SUSTAINABILITY AT ARAMEX

Sustainability remains a strategic priority for Aramex; it is embedded in our business model and daily operations, and is reflected in all our practices. This commitment to sustainability is a reflection of our long-term management approach, which aims to create shared values for all stakeholders, and our belief that sustainable business practices and overall performance are intertwined.

We aim to establish mutually beneficial partnerships, rather than forming simple donor or sponsor relationships. Our sustainability council evaluates every sponsorship opportunity against our sustainability guidelines to ensure compliance with our sponsorships policy, which has enabled us to create effective partnerships with communities, social entrepreneurs, governments, NGOs and corporations. These partnerships are realized by focusing on our six Sustainability Pillars:

- Education and Youth Empowerment
- Entrepreneurship
- Community Development
- Emergency Relief
- Sports
- Our Environmental Commitment

Ruwwad for Development stands as a comprehensive development model that encompasses most of our Sustainability Pillars. Ruwwad is a non-profit community empowerment organization that helps disadvantaged communities overcome marginalization through youth activism, civic engagement and education. It operates through a network of partnerships between the private sector (such as Aramex, Abraaj Group and Cairo Amman Bank), civil society organizations, governments, social and business entrepreneurs, and communities. Since its establishment in 2005,

Silsal at Ruwwad offers youth with special needs a safe space to express themselves through ceramics and arts

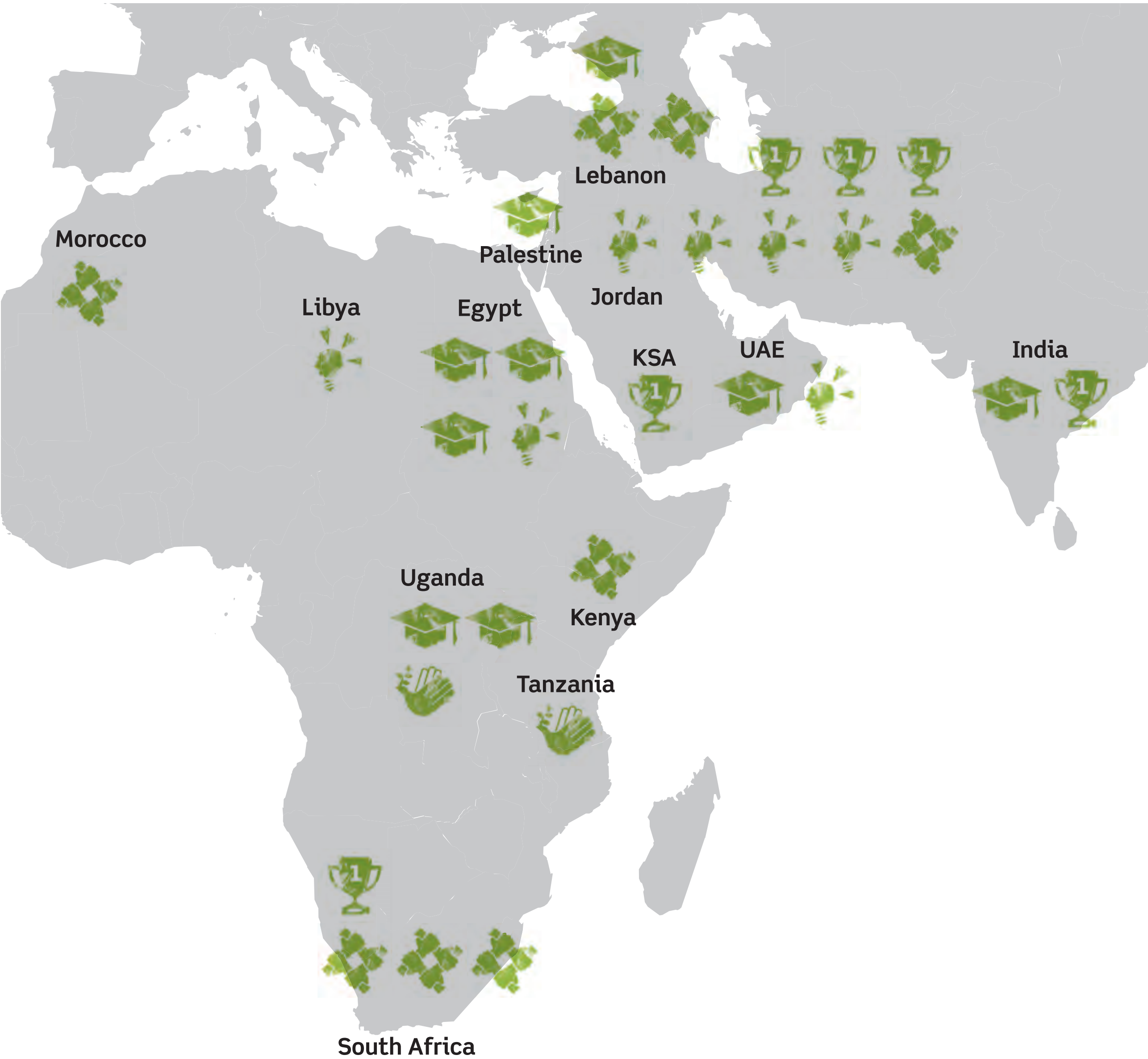
The Ruwwad Community Center in Jabal Al-Natheef in Amman has evolved into a model of holistic youth-centric development that has granted more than 725 college scholarships. Each year, Ruwwad grants 150 students college scholarships. In return, these students volunteer 4 hours a week, which translates to 600 hours per week, and 31,200 hours a year. Young people spend these hours mobilizing their communities through initiatives and campaigns for social change. Launched in 2012, one of these community-led campaigns is the Safe Homes Campaign. So far, it has managed to mobilize 110 mothers, fathers, teachers and young people to stand against abuse in homes, schools and public spaces.

Ruwwad's Child Development Program uses children's literature, creative arts, sports and creative sciences as incubators for inquiry-based learning

The Ruwwad Venture Capital Fund was recently established as a platform to encourage entrepreneurial initiatives. The fund's role is to support communities in translating their ideas into profitable businesses that create employment opportunities and address local needs. Micro-ventures will benefit from financial and non-financial services through equity investment, as well as strategic added-value services that are critical for success, including marketing, sales, basic financial knowledge, and access to networks and markets. All in all, the fund aims to provide communities with all the ingredients for economic empowerment: access to knowledge, skills, capital and networks to start and/or grow sustainable businesses.

Ruwwad's success in Jabal Al-Natheef has led to the implementation of the model in other countries across the region. Ruwwad also operates in Izbet Khairallah, a marginalized community in Cairo, Egypt and has established a center in Budrus, Palestine, a small northern village where young people are active citizens but have limited access to education. Ruwwad also operates in Tripoli, Lebanon and has established key programs, based on the needs of the community there. Young people participate in weekly discussion forums that allow them to identify critical issues. Recognizing that English

SOME OF OUR KEY SUSTAINABILITY INITIATIVES FOR 2012



EDUCATION AND YOUTH EMPOWERMENT

COMMUNITY DEVELOPMENT

SPORTS

ENTREPRENEURSHIP [1]

EMERGENCY RELIEF

OUR ENVIRONMENTAL COMMITMENT

Our Environmental Commitment extends to every region we operate in

1. We support entrepreneurship through many long-term partnerships with organizations and events across the MENA Region such as Injaz Al-Arab, TEDx Conferences, MIT Enterprise Forum, Wamda's Celebration of Entrepreneurship (CoE) e-commerce event, Wamda's Mix n' Mentor Event and other initiatives.

Ruwwad celebrates the 2012 graduation of Mousab Khorma Youth Education & Empowerment Fund students

language skills are an important tool in today's age, Ruwwad Lebanon has established a partnership with AMIDEAST to teach Ruwwad's beneficiaries English and provide them with cultural exchange opportunities. We have granted college scholarships to 21 students in Egypt, 38 in Palestine and 80 in Lebanon.

EDUCATION AND YOUTH EMPOWERMENT

Uganda

The Nnabagereka Development Foundation (NDF): Investing in education as a means for youth empowerment is a key focus for Aramex. We believe in partnering with young people as change agents, and working with them to become fully engaged and active citizens in their communities. By pursuing a degree, undertaking vocational training or becoming entrepreneurs, young people inspire their generation, contribute to their families' livelihoods and ultimately empower their communities to overcome marginalization. The Nnabagereka Development Foundation (NDF) shares our belief in education and youth empowerment, and although we have only recently begun operating in Uganda, we have pursued this partnership to ensure our sustainability projects go hand-in-hand with our core operations. The NDF promotes socio-economic development through support for education, health initiatives, community empowerment and the promotion of cultural values and practices. The partnership supports two main recipient groups:

1. Four hundred children aged 6 to 13 study at Masooli School. Most of the children come from deprived socio-economic backgrounds and lack access to essential goods and services such as adequate nutrition and basic medical care. We have supported the Masooli School by providing solar power and a water filtration system. We also support the school's library by providing books to update its holdings.

2. Four brilliant young female university students who are determined to use education as a means to improve their livelihoods. Following the Ruwwad model in Amman, we awarded them scholarships based on high-standard selection criteria. In return for their college scholarships, they volunteer four hours a week serving their community through the Masooli School and the NDF. The four students will also be given the opportunity to undertake internships at Aramex in order to gain valuable work experience in a professional business environment.

Our employees contribute to planning, executing and

Masooli School in Uganda works with children who come from critical socioeconomic backgrounds to empower them through education measuring the impact of these activities. As our programs develop, we will invite new partners and key players to participate, guaranteeing a sustainable development model.

Restless Development in Uganda helps improve livelihoods, spread awareness on sexual and reproductive health, and increase youth and community civic participation

Restless Development (RD): Restless Development is a youth-led initiative that tackles youth issues in Uganda. It partners with young people between the ages of 16 and 30 who are students or unemployed graduates, most of whom live in war-torn marginalized communities such as Karamoja, with minimal access to basic services such as education and health care. The goal of RD is to help improve livelihoods, spread awareness of sexual and reproductive health, and increase youth and community civic participation. We value our partnership with RD, and our employees play a proactive role in mentoring youth groups in eastern Uganda, encouraging their creativity, innovation and entrepreneurial skills. Roles include joining the advisory board, helping to promote different programs, hosting interns and engaging with their wider alumni network, and most importantly identifying young people who are change agents within their communities.

India

Make a Difference: Capitalizing on the efforts of young people in identifying and championing community causes, Aramex established a partnership with Make a Difference (MAD), assisting the organization by supporting the logistics of their "Dream Tee" project. MAD is a platform that empowers young people to become change leaders who drive positive social changes and create self-sustaining communities. The project seeks to raise funds by selling t-shirts featuring creative designs on college campuses in major cities across India. Whenever a college student buys a t-shirt, they fund the education of one child for a whole month. The project brought together top designers and artists, all keen to contribute and empower children through education. With our logistical support, Dream Tee visited 20 colleges and 10 corporations in nine major cities, raising enough money to cover the education of 120 children for a whole year.

Palestine

Student-to-Student Initiative: We continue to support the Student-to-Student Initiative by empowering 25 students with university-level education in Palestine. The scheme provides support that is conditional upon each student agreeing to home-school five students in return for their scholarships. Therefore, by supporting 25 individuals, the initiative ultimately secures the education of 125 students.

Lebanon

Fursati: Aramex has partnered with Fursati to undertake radical infrastructural renovations in three public schools: Lour Moghayzel School in Achrafieh, Sfeila Public School in North Metn and Nour Public School in Tripoli. Fursati is an independent non-governmental and non-profit organization that seeks to rehabilitate public schools in Lebanon, providing every student in Lebanon the opportunity to grow in a healthy and developed environment and achieve a better future. The schools were far from being a healthy environment for children. The partnership allowed Fursati to provide educational facilities to satisfy the developmental needs of 550 children.

InfoFort's partnership with Ebnati Institution resulted in creating a computer lab and empowering 93 girls through computer skills

Egypt

InfoGROW and Ebnati: Planned and implemented by InfoFort – an Aramex company and the leading records and information management solution provider in the Middle East and Africa – InfoGROW comprises a series of initiatives that aim to endow underprivileged young people with information-based skills, helping them to develop, grow and enter the work force as self-sufficient participants. InfoGROW has partnered with the Ebnati institution, which is home to 93 orphaned girls between the ages of 5 and 20. The initiative has created a computer lab, leading to the training of 86 girls in basic computer skills, and seven girls in advanced computer skills. InfoFort also supported a teacher to work with the girls by using art as a medium for self-expression, in addition to facilitating English and Arabic lessons. InfoGROW also offers summer internships for interested young women from Ebnati, and hiring opportunities for those who qualify after they complete the necessary training.

Aramex and InfoFort employees in Egypt teach illiterate colleagues using a specialized curriculum

Knowledge is Strength: This initiative aims to educate illiterate employees of Aramex and its subsidiaries in Cairo. Aramex has partnered with a local NGO to train employees from Aramex and InfoFort to teach illiterate colleagues using a specialized curriculum. At present, eight employees teach 22 illiterate Aramex employees three times a week.

Partnership with UNICEF: As part of our ongoing partnership with the United Nations Children's Fund (UNICEF), we have purchased and delivered 23 computers to help empower local NGOs. Our employees in Cairo held an intensive training course on computer installation and maintenance for representatives of a number of NGOs nominated by UNICEF.

United Arab Emirates

Al-Hemam Center: Al Hemam Center is a non-profit training center in the emirate of Ajman in the UAE, that works with young people who are living in marginalized communities, most of whom live in dire economic circumstances and are dependent on charity and welfare. InfoFort worked with Al-Hemam due to its proactive strategy that encourages young people to acquire skills that will help them gain employment and empower their families. InfoFort was able to train 15 people between the ages of 17 and 23 in office-related skills such as data entry, typing, scanning, filing, CV writing and interview skills.

ENTREPRENEURSHIP

The Middle East and North Africa Region

Injaz Al-Arab: Our partnership with Injaz Al-Arab continues across the Arab world. In Jordan, Gaza, the UAE, Morocco, Bahrain and several other Arab countries, our employees collaborate with university and school students in intensive workshops focused on innovation and entrepreneurship. Through the Entrepreneurship Masterclass (EMC) and the Innovation Camp (ICamp), our employees work with students to develop their own innovations and business ideas. A group of judges then awards the team with the best business idea a 'job shadow day' at Aramex. Members of the winning team are introduced to careers through on-site orientations to gain authentic real-world experience of the workplace, as well as a variety of classroom preparatory and follow-up learning activities.

TEDx Conferences: As part of our efforts to support young entrepreneurs, and by utilizing our logistics network in Egypt, we supported TEDxCairo via financial sponsorship and by delivering material to more than 1,000 invitees interested in creativity, innovation and entrepreneurship. We also supported TEDxMaan and TEDxRasAlain in Jordan.

MIT Enterprise Forum: The vision of the MIT Enterprise Forum of the Pan Arab Region is to develop and nurture a culture of entrepreneurship across the Arab world, with a view to becoming the most influential entrepreneurial network in the region. This is being achieved by building a platform for networking, knowledge sharing, showcasing, coaching and mentorship. The MIT Enterprise Forum Arab Startup Competition encourages enterprising individuals in the region to launch their own businesses and ultimately to create a collection of leading firms across the region. Aramex has played a key role in this by strategically supporting entrepreneurs, providing access to networks and potential funding, and by involving experienced Aramex managers as judges in the competition.

Wamda's CoE E-Commerce Event: We work extensively with Wamda, a regional platform designed to empower

MENA based entrepreneurs, through its website, Wamda.com, a capital fund that invests in start-ups and various other programs and products geared to help companies realize their full potential. We supported the Celebration of Entrepreneurship (COE) e-commerce event held in Jordan on May 7, 2012. The event brought together entrepreneurs, industry experts and startups to exchange information on trends, challenges and opportunities in the sector. The focus was on the MENA region, but speakers from Turkey, Europe, Asia and South Africa also related experiences from their own markets.

Wamda's Mix n' Mentor Event: This event was hosted in three cities – Amman, Beirut and Dubai – in order to bring together communities of entrepreneurs, mentors and industry experts in a casual but high-energy setting with an attendee-driven agenda. Aramex Shop and Ship played a key role in supporting this event.

Supporting SMEs: We designed a special product to support entrepreneurs, startups, and small and medium sized enterprises (SMEs). The product offers services at a discounted rate to help SMEs gain a competitive edge in different markets, allowing them to focus on growing their business.

Egypt

Cairo Startup Cup 2012: Aramex supported the 2012 Cairo StartUp Cup. The competition is open to entrepreneurs who compete by devising business models that turn their ideas into viable businesses. The competition helps entrepreneurs to achieve product/market fit, test assumptions and theories, and modify business models as they learn what drives customers and revenues. Aramex hosted the winning team for an internship at the Aramex Cairo Station.

Jordan

Amman Tech Tuesdays, Anniversary Edition: We supported Amman Tech Tuesdays – an event held on the first Tuesday of every month that brings industry experts, local technologists/engineers, entrepreneurs, idea-generators and enthusiasts together in a casual setting to meet and exchange ideas. The platform enables the sharing of experiences and projects with the rest of the tech community in order to fortify and enrich the technological eco-system.

Nakhweh.org: Aramex also lends its support to Nakhweh.org, a nonprofit organization that connects people, helping NGO's and other social initiatives to recruit volunteers through its free volunteer matching services and its unique platform that utilizes social media channels to encourage youth to be active citizens in their community. Nakhweh gives social entrepreneurs exposure on certain channels and networks and also enables socially-responsible companies to find funding opportunities for their sustainable initiatives.

Global Entrepreneurship Week (GEW) in Amman: Aramex supported the Global Entrepreneurship Week which introduced entrepreneurship to young people under the age of 30 who otherwise might not have considered it as a career path.

New Think Festival: Organized by the New Think Theater, The New Think Festival brought together 200 speakers to discuss 11 themes focusing on entrepreneurship, creativity and innovation in the region (Aramex supported the 'innovation sandbox' theme).

United Arab Emirates

SamTech and Dubai Chamber: As a member of the Dubai Chamber, Aramex participated in its Integrating CSR into Business Strategy event, assisting SMEs in adopting sustainability practices. We worked with SamTech to integrate their CSR activities into their business strategy. SamTech is a leading supplier and service/solution provider of GPS-based wireless tracking and asset management systems.

COMMUNITY DEVELOPMENT

Kenya

Slums Information Development and Resource Centre (SIDAREC): As part of our sustainability strategy, we always aim to support the local communities in which we operate. Job creation, encouraging entrepreneurship, investing in education and caring for the environment are all themes that allow us to build and maintain a comprehensive partnership with our communities. To this end, we have joined forces with SIDAREC to improve the lives of those living in the informal settlements of Mukuru and Pumwani through education, sport and economic empowerment.

Aramex employees volunteer at the children's library in partnership with SIDAREC, Kenya

SIDAREC has helped us identify key projects that will benefit women, children and young people by improving literacy levels and raising standards of living.

So far, we have granted school scholarships to 12 children and college scholarships to four young people. Our employees in Kenya are an integral part of this initiative to endow the youth of these areas with key life and business skills that prepare them to enter the job market. In return, these young people will pass on the training they have received to others in the community. By providing a community fund to support women, a number of female entrepreneurs were able to launch business ventures to provide education for their children and improve the living standards of their households. Also, our employees are engaged in supporting and volunteering at the children's library, organizing sports events and exploring new ventures whenever community needs arise.

South Africa

Bobs for Good Foundation: The South African Bobs for Good Foundation provides children with durable and safe school shoes, in the hope that the confidence that comes from such a simple gift makes a child more inclined to attend school, get an education, and, ultimately, take steps towards a better future. Aramex delivered 6,000 pairs of free shoes to children living in marginalized communities. These children must walk long distances to reach school, and having a good pair of shoes therefore directly affects their attendance rates.

New Lovelife Trust: Through a partnership with the government of South Africa we were able to unite efforts to organize a national HIV/AIDS awareness campaign specifically targeting young people, leading to the delivery of almost 1.2 million awareness brochures and related materials.

Feed a Child: Through our partnership with the Feed a Child NGO, we supported the construction of a polytunnel to grow vegetables at a school in the area of Mooiplaas and provide daily meals to the students. The

Through our partnership with the Feed a Child NGO, we supported the construction of a polytunnel to grow vegetables to benefit the community

The Ditshego project, and in partnership with Feed a Child NGO and Aramex, aims to provide schools and the community with sustainable sources of vegetable production goal of the project is to provide schools and the community at large with sustainable sources of vegetable production. Aramex is in the process of forming partnerships for 2013 to implement more sustainable projects in the community.

Lebanon

Nahr-Albared Camp Library: In partnership with the United Nations Relief and Works Agency (UNRWA), Aramex has supported a library and a computer center in the Nahr-Albared refugee camp. Our employees volunteer their time in the library, which today includes more than 1,900 books. Since the library's inception in March 2011, it has received 8,542 visitors, of which 40 percent come to read, 45 percent to conduct research and 15 percent to use printing services.

Nasma: We continue to support the children's library and computer center at the Nasma Organization in the Ras-Beirut area of Lebanon. As part of this initiative, Aramex employees volunteer in the center by teaching children and passing on their experience.

Jordan

We have worked with various non-profit organizations and initiatives in Jordan across the years such as Sana Foundation for Special Individuals, Gour Al-Safi Women's Association, Kitteh Sports Club in Jerash and many more. This year we would like to highlight our partnership with Raneen.

Raneen for Audio Books: Founded by Ms. Rawan Barakat, Raneen is an initiative that creates audio books and provides training on their use in engaging children. Through our partnership with Raneen, Aramex has been instrumental in planting the seed for 10 audio libraries and training more than 50 participants, including mothers, young people and teachers.

Morocco

Ouazzaniyat Organization: Our Dubai station partnered with the Ouazzaniyat Organization in Morocco to send a number of children's supplies including

Ouazzaniyat Organization in Morocco enables rural communities across the Ouezzane Province to empower themselves and to develop into learning communities

Ouazzaniyat Organization in Morocco

books, tables and chairs, sets of bookshelves, and other items to furnish the center. Ouazzaniyat seeks to enable rural communities across the Ouezzane Province to empower themselves and to develop into 'learning communities'.

EMERGENCY RELIEF

Uganda

Aramex joined forces with Uganda Speaks to collect donated aid and supplies in cities affected by Bududa's landslide in Uganda

Bududa Landslide: On July 11, 2012, Aramex partnered with Uganda Speaks to deliver urgent supplies and aid to the communities devastated by the landslide that hit parts of the Bududa district in the eastern region of Uganda. Uganda Speaks, an online social media project, was founded by a group of bloggers, journalists and filmmakers to recapture the narrative about the war in northern Uganda that ended in 2006. The landslide, which claimed the lives of dozens and left hundreds homeless, struck four villages in the Bududa district on June 25, the third major landslide in three years.

Tanzania

Humanitarian Aid: During the second quarter of 2012, Aramex shipped 1,427 containers with a total weight of 165 tons of humanitarian aid to Tanzania on behalf of the UAE Ministry of Development.

SPORTS

India

Girivanavasi Educational Trust (GVET) Nareshwadi Learning Center: Aramex focuses on sport as a medium for physical health and self-expression. In 2010, we signed an ongoing memorandum of understanding (MoU) with the Girivanavasi Educational Trust (GVET) Nareshwadi Learning Center. The Nareshwadi Learning Center is a non-profit organization that is home to around 500 children. It includes an elementary school, a vocational training center and residences, and is situated on an 11-acre campus 130 km from Mumbai. Most of the children come from tribal communities or villages with no available schooling. The others come from single or no parent families, or from families affected by HIV.

As per the MoU, Aramex sponsored a qualified sports teacher from the local community to coach a group of five 14-year-old children, and specifically to train them for three hours per day to compete in marathons.

South Africa

Supporting Rugby at Rhenish Primary School: We identified 16 students who were passionate about Rugby. With equipment and transportation covered by us, these students were able to undertake Rugby training and participate in several matches.

Saudi Arabia

Special Needs Facilities at Football Stadiums: As part of our commitment to support those with special needs, a Memorandum of Understanding (MoU) was signed in 2011 with the General Presidency of Youth Welfare in the Kingdom of Saudi Arabia and the Professionals League Commission to develop facilities for people with special needs at football stadiums in key Saudi cities. The MoU was signed by Prince Nawaf bin Faisal bin Fahd bin Abdulaziz, the President of Youth Welfare, who is also Chairman of the Board of Directors for the Disabled and Chairman of the Board of Directors of the Professionals League Commission, and Hussein Hachem, Aramex's Chief Executive Officer for Middle East and Africa, at that time.

Facilities for people with special needs at football stadiums in Saudi Arabia

During 2012, we completed the construction of these facilities in two stadiums: King Fahd International Stadium and Prince Faisal bin Fahd Stadium in Riyadh. The facilities include special terraces to accommodate people with special needs and their equipment, along with water cycles, ramps, elevators and a dedicated team of volunteers to escort them in and out of stadiums during match days. In total, the two stadiums can now accommodate 70 people and their wheelchairs, along with 62 volunteers to accompany them. In 2013, we will proceed with the construction of similar facilities at the Prince Abdullah Al-Faisal Stadium in Jeddah and the Prince Mohammed bin Fahd Stadium in Dammam.

Jordan

Jiu Jitsu: We have supported Rana Qubbaj to pursue her passion for Jiu Jitsu. In April of 2012, she received a gold medal at the World Professional Jiu Jitsu Championship, held in Abu Dhabi. She went on to compete against contestants from all over the world under Aramex's name at the London Open Jiu Jitsu Championship, winning a silver medal at the event.

> "Jiu Jitsu is my meditation. It is my time out of the world. To be a good Jiu Jitsuka, you have to learn a lot of techniques and practice what you learn over and over again so that your body starts to move as fast as your brain"
> - Rana Qubbaj

Marathon Runners: We continue to support marathon runners Salameh Al-Aqra and Mohammed Al-Sweiti. Salameh has won five marathons, including Marathon des Sables, and the Indian and Austrian Ultramarathons. Mohammed has won the Wadi Araba Marathon, and finished second at the Kuwait Marathon and the Indian Ultramarathon.

Al-Riyadi Sports Club: Aramex continues to support the Al-Riyadi basketball club, which plays both in Jordan and at the regional level. As well as direct financial support, Aramex provides administrative assistance to the club through its management team. The highlight of 2012 was winning the Jordan Cup at the Under-19 National Championship.

OUR ENVIRONMENTAL COMMITMENT

As a logistics and transportation company, we naturally rely heavily on transportation to conduct our business, and so our responsibility toward the environment is among the core pillars of our sustainability strategy.

We continue to deliver on our environmental commitments by introducing environmentally friendly services, adopting sustainable business practices and maximizing carbon efficiency across our operations.

We are committed to spending at least 1 percent of our pre-tax profit on sustainability projects, under which environmental issues are covered. In 2012, we have again managed to exceed this commitment, spending 2.15 percent of our pre-tax profit. This section provides a variety of data regarding our fuel consumption and carbon footprint. Refer to the tCO2e table below for more details.

We aim to also deliver our products and services with the least amount of impact on the environment. To this end, we have upgraded our fleet with Low Emission Vehicles (LEVs), employed biodegradable plastic in our delivery pouches, and attained LEED certification at many of our facilities. Furthermore, we have managed to reduce our carbon output by achieving compliance with Euro 4 and Euro 5 vehicle emissions standards.

We are committed to operating according to the highest environmental standards, and to reducing our carbon emissions as much as possible. However, sometimes the changes in emissions regulations in certain countries present challenges. This is especially true in light of the limited availability of mitigation technologies such as solar or wind generation solutions, in addition to further regulations in other areas that prevent us from meeting our targets in this field. In 2012, our operations produced a total of 19,195 tons of NOx and SOx emissions.

We do not own or lease any land adjacent to areas that are protected or important to biodiversity in any of the locations in which we operate, and we always take the utmost care in ensuring our activities do not harm any habitat or species in the vicinity of our operations. In this regard we are particularly sensitive to the plight of species that are featured on the International Union for Conservation of Nature's (IUCN) Red List and other conservation watch lists.

In 2012, we did not face any non-compliance issues relating to local or international environmental laws and regulations, illustrating our commitment to making significant progress in minimizing our impact on the environment. Furthermore, following noise complaints from local residents, we moved our offices in Jordan from a residential area to an industrial area in 2012.

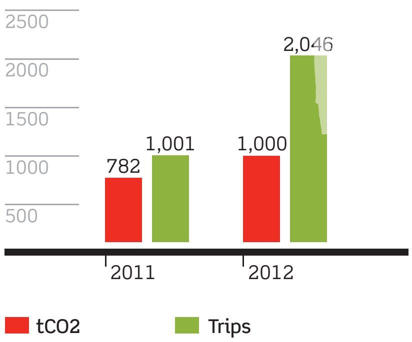
Aramex is a member of the World Economic Forum's (WEF) working group tasked with creating a framework for the decarbonization of the logistics industry. This experience has strongly influenced our approach and served as the baseline for creating Aramex's first Carbon Footprint Report in 2010. Since then, we have reported on our emissions each year as part of our annual report, using the

GLOBAL EMISSIONS BREAKDOWN

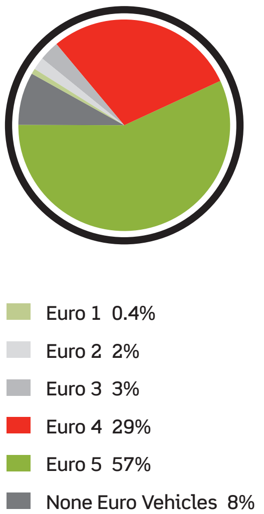
Scope 1:	Direct		37,100	7%
Scope 2:	Indirect (electricity)		22,885	5%
Scope 3:	Indirect (other)		456,306	88%
	Business travel	1,000		
	Commuting	19,806		
	Express shipments	61,034		
	Freight	374,466		
TOTAL (TCO2E)			**516,291**	100%

The increase in emissions for 2012 was a direct result of the 20 percent growth in our employees, the rise in the number of our vehicles, warehouses and branches, and the growing number and weight of shipments.

Business Travel



Vehicles Distribution per engine type



WEF's working group accounting tool – the Greenhouse Gas (GHG) Protocol – in order to accurately calculate our emissions. The GHG Protocol is the most widely used accounting framework through which businesses, governments and other organizations quantify their emissions. As per the Protocol, we have broken down the various direct and indirect components of our gross emissions into three scopes:

- **Scope 1:** Direct emissions generated by Aramex-owned vehicles and stationary equipment.
- **Scope 2:** Indirect emissions generated by electricity, heating and cooling systems.
- **Scope 3:** Indirect emissions from employee commutes and paper consumption, as well as those physically produced by other organizations as a consequence of Aramex's activities.

This represents the third comprehensive review of our environmental impact, and has been compiled in accordance with the following GHG Protocol reporting principles:

- **Relevance:** The greenhouse gas footprint of Aramex accurately reflects the greenhouse gas emissions attributable to the company.
- **Completeness:** The majority of sources of greenhouse gas emissions and related activities within the organization are reported and accounted for, and any exclusions are fully disclosed and justified.
- **Consistency:** Consistent methodologies have been developed and employed to allow for meaningful comparisons of greenhouse gas emissions over time; additional documentation will be provided should any changes to data, methods, or other relevant factors be necessary in the future.
- **Transparency:** Greenhouse gas information has been compiled, analyzed, and documented clearly and coherently in order to allow auditors to evaluate its credibility. We have also disclosed relevant assumptions, calculation methodologies, and data sources.
- **Accuracy:** We are committed to accurately quantifying our greenhouse gas emissions, with conservative assumptions being employed in cases of uncertainty. The data presented is of sufficient accuracy to enable users to make decisions with all reasonable assurances as to the integrity of the reported information.

Scope 1: Direct Stationary and Mobile Emissions (37,100 tCO2e)

In 2012, Aramex produced 37,100 tons of CO2 equivalent (tCO2e) emissions from fossil fuels, comprising actual CO2 from electricity use, as well as other emissions (including CH4 and N2O). These were generated directly by Aramex managed, owned and leased vehicles using diesel and unleaded fuels purchased from local private or public petrol stations. The figures used to calculate these results were provided by our accounting office, which collects and maintains data including fuel and energy consumption information from each office in our global network.

In order to reduce these emissions we maintain a responsible procurement policy for our global fleet, which mandates the use of fuel-efficient Low Emission Vehicles (LEVs) and alternative technologies to address our material impact in accordance with AccountAbility materiality principles. Our responsible procurement policy presents strict guidelines governing new vehicle leases and purchases, advocating unleaded fuel and hybrid vehicles with a minimum EURO 4 emission rating. During 2012, we continued to upgrade our fleet to attain the highest standards of fuel efficiency. In fact, 29 percent of our fleet now complies with the EURO 4 emissions standard, while 57 percent complies with the EURO 5 standard.

Wherever possible, we continue to convert our fleet to use natural gas to further reduce our emissions, and are also exploring and experimenting with new technologies in the Middle East. For example, we are piloting the use of bio-diesel in our Dubai operations, a project launched in the third quarter of 2011 with the aim of converting our entire fleet, depending on availability and supplier approval.

We continue to upgrade our motorbikes to electric models in India, and based on the positive results we have achieved, we plan to expand their implementation across the network from 2013. In South Africa, we began to replace cars with motorbikes during 2012, while in Dubai we introduced 15 couriers who use the metro to deliver shipments, thus further reducing emissions and traffic congestion. We plan to increase this number and introduce the concept elsewhere in countries where it is feasible to utilize public transportation.

Scope 2: Indirect emissions (electricity) (22,885 tCO2e)

Aramex produced 22,885 tCO2e of emissions from electricity generation in 2012, comprising actual CO2 emissions from electricity use, as well as CH4 and N2O emissions. These are the result of electricity consumption from heating, cooling, lighting, and technology use in our offices and warehouses across the globe. Aramex purchases electricity that is provided by local companies or governmental entities.

Scope 3: Indirect emissions (other) (456,306 tCO2e)

Business travel (1,000 tCO2e)
In 2012, Aramex employees generated 1,000 tCO2e of emissions from business travel, compared to 782 tCO2e in 2011. The reason behind the increase is the fact that our employees grew by 20 percent. As part of our commitment to reduce our emissions, we adhere to utilizing video conferencing whenever possible to cut down on business travel.

Commuting (19,806 tCO2e)
In 2012, Aramex employees generated 19,806 tCO2e of emissions by commuting to and from work, based on data obtained via an employee survey that asked around 50 percent of our employees to identify their precise method of transportation and travel time. This rise was also a direct result of the 20 percent increase in the number of employees. Our efforts to reduce these emissions include engaging our employees through periodic training programs on environmental sustainability, as well as being vocal about our environmental concerns. We have developed and distributed a Green Office booklet designed to educate employees on the company's ecological footprint and encourage them to adopt practices that will minimize their carbon emissions, both at work and at home.

We also provide a shuttle service for our facilities in Jordan and Dubai. At our Dubai Logistics City facility, the shuttle transports employees between the facility and the nearest metro station.

Express shipments and freight consignments (435,500 tCO2e)
In 2012, Aramex shipments and freight consignments produced 435,500 tCO2e of emissions, according to data obtained from our operations and IT departments. The rise since 2011 was due to increases in the number and weight of shipments, as well as the inclusion of new stations in the consolidated data. We are utilizing new and improved technologies to minimize driving hours and are promoting land freight as an alternative to air and sea transport, as this significantly reduces emissions.

Paper consumption
In 2012, Aramex saved 93 tons of paper (compared to 75 tons in 2011) by continuing to automate internal processes, enforce

printing restrictions, and encourage increased utilization of Aramex's intranet forum for internal communication. We have also begun to introduce electronic scanners in all of our stations to track shipments and delivery times, and have piloted electronic signature capture technology to further reduce paper consumption across our global network.

Aramex's responsible procurement policy requires that all printers must have double-sided printing capabilities, potentially reducing our paper consumption by 50 percent. Additionally, Aramex integrates responsible paper use practices into its environmental awareness training programs. We strongly promote electronic shipping systems among our clients, and use small printed labels instead of large paper waybills.

Station Sustainability Initiatives

Although calculating energy savings was a challenge this year, owing to our substantial operational and personnel expansion, we've introduced several initiatives that aim to conserve energy but guarantee efficiency.

InfoSave launched in the UAE

This initiative seeks to raise the productivity and efficiency of humanitarian organizations, blood banks, environmental groups, relief agencies and other similar concerned actors. During 2012, InfoFort provided Al Manzil Organization and the Dubai Blood Donation Center (DBDC) with free archiving and scanning services.

Waste recycling programs in Kuwait

Our employees in Kuwait operate a popular recycling facility for paper, plastic and metal, and we sponsored the debut initiative of the Metal Recycling Company (MRC) to collect waste from homes – the first free service offered to the Kuwaiti public by the private sector.

Our Facilities

In 2012, our Aramex–Mashreq sustainable logistics facility in Cairo was awarded the Leadership in Energy and Environmental Design (LEED) Silver Certificate by the **US Green Building Council (USGBC)**. We are currently working to achieve LEED certification at five other sites in Amman, Cairo, Dubai and Muscat. In 2012, we renewed the ISO 14001 certification at two sites in Amman. The inclusion of new stations in our network during 2012 has delayed the certification of a further six new stations this year; however, they are currently awaiting audits.

We did not experience any major hazardous material spills during 2012, and have built a system to monitor all the liquids handled by our operations as part of our ISO 14001 certification program.

Our sites in Casablanca and Mumbai received ISO 9001 certification this year, while **Occupational Health and Safety Assessment Series (OHSAS)** certificates were renewed at four facilities and granted to our Algeria site for the first time. We now face the challenging goal of achieving environment-related certifications at the 15 new facilities we added to our network in 2012.

Tree Planting & City Cleanups

We planted an additional 1,000 trees in 2012 as part of our agreement with the Arab Group for Protection of Nature in Jordan, which partners with local NGOs. Our focus is on marginalized areas in the south of the country. The goal is to provide a means of additional income for families that live in these areas by planting olive and other fruit trees. As part of our efforts to take ownership of environmental issues through community activism, we partnered with the City Yange Foundation in Uganda to support community-led activities in Kampala city that include city clean-up and beautification campaigns.

Water Usage

The nature of our business ensures that our water consumption is restricted to domestic use for drinking and water cycles, which is paid for as a utility expense included in our facilities rent. We normally purchase our water from local municipalities and suppliers; hence we do not possess information and data on water withdrawal and its associated effects. Output is restricted to public sewage systems (or recycling) and does not pose any risk of pollution to local water sources. It is not possible to measure the exact quantity of wastewater we produce, as we often operate from commercial buildings with shared wastewater facilities. However, we always aim to recycle and reuse water whenever possible. For example, at our Dubai facility we recycled and reused 11,703 cubic meters of water during 2012.

Waste Management

We have introduced waste management systems in 12 of our stations so far. In our offices in

Dubai over the second half of the year, we succeeded in recycling around 50 tons of paper (more than 45,000 kg), which is equivalent to saving 500 trees from being felled to produce virgin paper. Similar programs are running across our network.

The table below details the type and weight of waste recycled from our Dubai Logistics City station. As is the case for our general waste, all waste for recycling is collected and managed by the Dubai World Central (DWC) authority and its contractors.

FACILITY LOCATION	RECYCLED WASTE AND ITS WEIGHT IN KG.					
	Old corrugated cardboard (OCC) & Office Paper	Newspaper	Wood Waste	Metal	Plastics	Core pipes
Dubai	52,010	720	35,470	0	5740	170
Kuwait	339.4			27.1	65.25	
Amman	788				31	
TOTAL	**53,137.4**	**720**	**35,470**	**27.1**	**5,836.25**	**170**

Total weight of all waste in tons = 95.3 tons

As a service-oriented logistics company, we produce very little by way of products to facilitate our services. All the carton boxes and flyers produced are made from recycled paper. The table below details the volume and disposal of the materials used.

TYPE	QUANTITY MEASURED BY PIECES	PERCENTAGE OF TYPE OF MATERIAL FROM TOTAL MATERIAL	DISPOSAL METHODS
Carton Box	29,818	0.15%	Suppliers who receive their shipments in cartons are encouraged to send them back to us so that we may reuse them. Depending on the country, boxes that cannot be reused are considered recyclable waste and are sent to contractors for recycling.
Plastic Seals and Tags	798,004	4%	In countries where plastic recycling is available, we aim to employ recycling contractors for the task
Paper Envelopes	1,717,001	9%	At some locations we collect material from consignees for recycling; elsewhere it is the responsibility of the consignee who receives the shipment, to recycle the materials.
Paper Flyers	6,622,572	33%	At some locations we collect material from consignees for recycling; elsewhere it is the responsibility of the consignee who receives the shipment, to recycle the materials.
Plastic Biodegradable Bags	154,672	1%	All bags are biodegradable and have a lifespan of two years.
Plastic Tapes	47,734	0.24%	In countries where plastic recycling is available, we aim to employ recycling contractors for the task
Paper Airway Bills	9,443,835	47%	At some locations we collect material from consignees for recycling; elsewhere it is the responsibility of the consignee who receives the shipment to recycle the materials
Labels and stickers	1,243,896	6%	At some locations we collect material from consignees for recycling; elsewhere it is the responsibility of the consignee who receives the shipment to recycle the materials

INDEPENDENT ASSURANCE

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The Board of Directors and Management
Aramex PJSC
Dubai
United Arab Emirates

Independent assurance statement to Aramex management

Ernst & Young (Jordan) was retained by Aramex PJSC ("the Company") to provide independent assurance on its Corporate Sustainability information, forming part of its Integrated Report ("the Report") for the calendar year 2012. The Report has been prepared by the management of Aramex, who are responsible for the collection and presentation of information reported. Our responsibility, in accordance with management's instructions, is to provide a limited assurance engagement on the completeness and accuracy of selected sustainability information presented in the Report. Our responsibility in performing our assurance activities is to the management of the Company only. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on the Report is entirely at its own risk. This assurance statement should not be taken as a basis for interpreting the Company's overall performance, except for the aspects outlined in the scope below.

Scope of Assurance

The scope of our assurance covers indicators and sites considered relevant to the Company and include:

- Data and information relating to the Company's sustainability performance contained within the Global Reporting Initiative (GRI) 3.1 framework for the period 1 January 2012 to 31 December 2012;
- The Company's internal processes and controls relating to the collection and collation of relevant sustainability performance data;
- Carbon footprint data, including Scope 1, 2 and 3 data, according to World Business Council on Sustainable Development (WBCSD) GHG Protocol (2008), and
- Environmental data, specifically selected water, waste and energy data.

.

Our Approach

This assurance engagement was planned and performed in accordance with International Federation of Accountants' International Standard for Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our key steps were as follows:

- Engagement with key selected personnel to understand processes and controls in place for related sustainability activities;
- Engagement with the Chief Sustainability Officer and the Sustainability team to understand current status of sustainability activities and progress against 2012 targets; and

- Review of selected sustainability performance data as well as a review of the processes for collecting, collating and reporting selected sustainability information and data at corporate and station level.
- Carbon footprint assessment, including conversion factor application, data review and scope boundary application for the purpose of the carbon footprint data contained in the Report.

Station Visits

Ernst & Young visited the Company's offices, logistics centers and facilities of its station as well as its subsidiary, InfoFort, in Dubai (UAE) to review selected sustainability information outlined in *Scope of Assurance* above. We also visited the Dubai Logistics Centre in Dubai to review systems and processes for managing and reporting sustainability and carbon footprint data, relating to the GRI 3.1 framework and WBCSD GHG Protocol (2008). Evidence in support of selected claims made in the Report regarding the Company's sustainability performance was reviewed and clarifications sought where necessary. We observed a stakeholder engagement workshop that took place in order to understand the processes used to ascertain key issues and impacts for the Company.

Level of Assurance and Criteria used

Our evidence gathering process has been designed to obtain a limited level of assurance (as set out in ISAE 3000) on which to base our conclusions. We also utilized the criteria of the reporting principles and indicators of the GRI 2011 guidelines (GRI G3.1) in reviewing selected sustainability performance information and data and the WBCSD GHG Protocol (2008) framework in reviewing carbon footprint related data.

Our Assurance Team

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our Middle East Clean Energy and Sustainability team, who have undertaken similar engagements with a number of regional and global businesses.

Limitations of Assurance

The assurance scope excludes:

- Aspects of the Report and data/information other than those mentioned under *Scope of Assurance*;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation and future intention; and
- Review of economic performance data and information, included in the Report, which we understand is derived from the Company's audited financial records.

Observations

Our observations of the Report are as follows:

- Aramex continues to develop its sustainability policies and programmes with a focus on emerging markets where it has increased its operational footprint.
- Social programmes initiated by Aramex continue to grow and community engagement has become a fundamental principle underpinning its activities.

- Aramex could consider further advancing its supplier evaluation and selection policy, due to the potential risk of fraud and corruption in the emerging markets.
- As the international consensus on integrated reporting has grown and become more standardized, Aramex may wish to focus on adapting key practices such as highlighting the financial impacts of its sustainability activities and performance in future reports.

Our Conclusion

On the basis of our review and in accordance with the terms of reference for our work, nothing has come to our attention that would cause us not to believe that:

- The Report presents the Company's material performance covering key areas mentioned in the *Scope of Assurance;*
- The Report content presents a fair and balanced overview of the Company's sustainability performance;
- The Carbon footprint data and information is accurate and complete.

For Ernst & Young

28 March 2013

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Aramex PJSC** has presented its report “Aramex Integrated Report 2012” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 4 March 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+
GRI REPORT
GRI CHECKED

The “+” has been added to this Application Level because Aramex PJSC has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 19 February 2013. GRI explicitly excludes the statement being applied to any later changes to such material.*

REPORTING PROCESS

This is Aramex's third integrated report, combining our financial and non-financial results for the calendar year 2012.

SCOPE OF THE REPORT

Determining our Priority Issues: Our sustainable practices are reviewed in line with the Global Reporting Initiative's (GRI) G3.1 guidelines and principles for defining report content.

Materiality: We have sought to review all aspects of our business that substantively influence the assessments and decisions of stakeholders, providing comprehensive information concerning our economic, environmental and social impacts as a company.

These topics include major issues raised by stakeholders and reported on by our peers under broadly-accepted standards and guidelines, including the GRI G3.1 Reporting Guidelines and GRI Logistics and Transportation Sector Supplement regulations and laws in our countries of operation. They cover factors that are key to our success, such as our corporate culture and potential to contribute to sustainable development.

Stakeholder Inclusivity: Having identified all of our key stakeholders, we have sought to review our understanding of their interests and expectations, as well as our various means of engagement and communication, and the details of our responses.

Sustainability Context: We detail global, regional and local sustainability trends alongside our activities, identifying our priorities in each context and communicating how we have addressed these issues.

Ensuring Quality in our Sustainability Reporting

We employ the following GRI Reporting Principles for Defining Quality:

Balance: We achieve balance in our reporting by evaluating our performance, and presenting both positive outcomes and focus areas that require improvement.

Comparability: We have provided year-on-year data and followed GRI Indicator Protocols wherever appropriate.

Accuracy: We seek to ensure the highest levels of accuracy in our reporting, and always clearly identify where estimations or limitations in our published data exist.

Timeliness: We are now committed to reporting our sustainability performance on an annual basis.

Clarity: Throughout this report, we clearly illustrate our sustainability performance against targets established in previous reports.

Reliability: This report has undergone third-party assurance, as outlined in the assurance statement.

The Aramex Carbon Footprint Report

Released for the first time in December 2011 and augmented each year by this Annual Report, the Aramex Carbon Footprint Report provides a comprehensive and transparent breakdown of our carbon emissions. The report is created according to the principles contained in the Greenhouse Gas (GHG) Protocol accounting tool employed by World Business Council for Sustainability Development (WBCSD) and the World Resources Institute (WRI).

Reporting Boundaries

Unless otherwise indicated, the data in this report covers all of our operations in all regions; the only exception is the fact that while financial data includes our proceeds from franchises, it does not include their human resource data. The financial data in this report has been generated using audited figures drawn from our financial statements, and has undergone third-party verification according to the parameters expressed in the auditor's statement.

Limitations

In general, Aramex utilizes the services of transportation providers instead of maintaining its own heavy assets. We also lease the majority of our vehicles, although we do maintain a small fleet of our own. Aramex also subcontracts the pickup and delivery of express packages to local companies in certain locations — most notably India. At present, our fuel consumption calculations (the source of emissions data) include only fuel used by our owned and leased vehicles; they do not include that of third-party contractors. We understand that this influences our emissions data, and aim to include these third-party sources in our calculations in the coming two years.

Data Measurement Techniques

Unless otherwise stated, indicators provide global coverage, subject to the reporting boundaries and limitations outlined above. The precision of different indicators may vary. While we have strong management and information systems for financial and human resources data, facilitating greater accuracy in these areas, data measurement necessarily involves some level of estimation. Wherever estimations occur, we have provided an explanation, including the level of accuracy and data collection approach employed to produce the relevant indicator.

Feedback

We welcome your feedback and encourage comments from our readers and stakeholders. Please direct any communication to our Chief Sustainability & Compliance Officer at his email:
raji.hattar@aramex.com

GRI / UN GLOBAL COMPACT INDEX

STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES

PROFILE DISCLOSURE	LOCATION OF DISCLOSURE	UNITED NATIONS GLOBAL COMPACT PRINCIPLES
1. Strategy and Analysis		
1.1	P8-9	
1.2	P.10-13 P.47-48-49	
2. Organizational Profile		
2.1	P.11	
2.2	P.14-17	
2.3	P.14-17	
2.4	P.8	
2.5	P.14--17	
2.6	P.25-28	
2.7	P.14-17	
2.8	P.11	
2.9	P.25-28	
2.10	P.23-24	
3. Report Parameters		
3.1	P.1	
3.2	7/3/11	
3.3	Annual	
3.4	Raji.hattar@aramex.com	
3.5	P.62-63	
3.6	P.10-13	
3.7	None	
3.8	P.8	
3.9	P.62-63	
3.10	P.62-63	
3.11	P.62-63	
3.12	P.5	
3.13	P.7	
4. Governance, Commitments, and Engagement		
4.1	P.25-28	
4.2	P.25-28	
4.3	P.25-28	
4.4	P.25-28	
4.5	P.25-28	
4.6	P.25-28	
4.7	P.25-28	
4.8	P.25-28	
4.9	P.7-8	
4.10	P.25-28	
4.11	P.25-28	Principle 1
4.12	P.14, P.25-28	Principle 1
4.13	P.23-24	Principle 1-2
4.14	P.29-33	
4.15	P.29-33	
4.16	P.29-33	
4.17	P.29-33	

STANDARD DISCLOSURES PART II: DISCLOSURES ON MANAGEMENT APPROACH (DMAS)

G3.1 DMAS	LOCATION OF DISCLOSURE	UNITED NATIONS GLOBAL COMPACT PRINCIPLES
DMA EC		
Economic performance	P.10-11-12-13	
Market presence	P.10-11-12-13	
Indirect economic impacts	P.10-11-12-13	
DMA EN		
Materials	P.57-61	
Energy	P.57-61	
Water	P.57-61	
Biodiversity	P.57-61	
Emissions, effluents and waste	P.57-61	
Products and services	P.57-61	
Compliance	P.57-61	
Transport	P.57-61	
Overall	P.57-61	
DMA LA		
Employment	P.34-42	
Labor/management relations	P.34-42	
Occupational health and safety	P.34-42	
Training and education	P.34-42	
Diversity and equal opportunity	P.34-42	
Equal remuneration for women and men	P.34-42	
DMA HR		
Investment and procurement practices	P-25-28,34-42	
Non-discrimination	P-25-28,34-42	
Freedom of association and collective bargaining	P-25-28,34-42	
Child labor	P-25-28,34-42	
Prevention of forced and compulsory labor	P-25-28,34-42	
Security practices	P-25-28,34-42	
Indigenous rights	P-25-28,34-42	
Assessment	P-25-28,34-42	
Remediation	P-25-28,34-42	
DMA SO		
Local communities	P.25-42,43-67	
Corruption	P.25-42,43-67	
Public policy	P.25-42,43-67	
Anti-competitive behavior	P.25-42,43-67	
Compliance	P.25-42,43-67	
DMA PR		
Customer health and safety	P.26-27,42	
Product and service labelling	P.26-27,42	
Marketing communications	P.26-27,42	
Customer privacy	P.26-27,42	
Compliance	P.26-27,42	

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

INDICATOR	LOCATION OF DISCLOSURE	UNITED NATIONS GLOBAL COMPACT PRINCIPLES
ECONOMIC		
Economic performance		
EC1	P.11,13,37-57 The retained earnings are part of our equity and will be officially released when we file with Dubai Financial Market	
EC2	P.57	
EC3	P.37	
EC4	P.27	
Market presence		
EC5	P.37	Principle 6
EC6	P.45	Principle 8
EC7	P.35	Principle 8
Indirect economic impacts		
EC8	P.48-50-51	
EC9	P.48-52-53	
ENVIRONMENTAL		
Materials		
EN1	P.61	
EN2	P.60-61-62	
Energy		
EN3	P.58	
EN4	P.59	
EN5	P.60-61	Principle 7
EN6	P.59-60	Principle 8
EN7	P.59-60	Principle 8
Water		
EN8	P.60	
EN9	P.60	
EN10	P.60	
Biodiversity		
EN11	P.57	
EN12	P.60	
EN13	P.60	
EN14	P.60	
EN15	P.57	
Emissions, effluents and waste		
EN16	P.59	
EN17	P.59	
EN18	P.57-59-60	Principle 9
EN19	P.57	
EN20	P.57	
EN21	P.60	
EN22	P.61	
EN23	P.60	
EN24	We do not transport, import, export or treat waste deemed hazardous under terms of Basel Convention Annex I,II, VIII	
EN25	P.57	
Products and services		
EN26	P.60	Principle 7
EN27	As a shipping company offering services and not selling products, this indicator is not applicable	Principle 7
Compliance		
EN28	P.57	
Transport		
EN29	P.57	
Overall		
EN30	P.57	

INDICATOR	LOCATION OF DISCLOSURE	UNITED NATIONS GLOBAL COMPACT PRINCIPLES
SOCIAL: LABOR PRACTICES AND DECENT WORK		
Employment		
LA1	P.35	
LA2	P.36	
LA3	P.37	Principle 6
LA15	P.39	
Labor/management relations		
LA4	P.37	
LA5	P.37	
Occupational health and safety		
LA6	P.40	
LA7	P.41	
LA8	P.37-41	
LA9	P.37	
Training and education		
LA10	P.37	
LA11	P.34-38	
LA12	P.37	
Diversity and equal opportunity		
LA13	P.35	
Equal remuneration for women and men		
LA14	P.39	Principle 6
SOCIAL: HUMAN RIGHTS		
Investment and procurement practices		
HR1	We are working on our supplier evaluation form and it will be implemented soon	
HR2	P.27	Principle 1-2
HR3	P.38	Principle 1-2
Non-discrimination		
HR4	P.39.	Principle 6
Freedom of association and collective bargaining		
HR5	P.37	Principle 3
Child labor		
HR6	P.39	Principle 5
Prevention of forced and compulsory labor		
HR7	P.27-39	Principle 4
Security practices		
HR8	P.38	Principle 1-2
Indigenous rights		
HR9	0 Incidents	
Assessment		
HR10	None of our operations were subject to human rights reviews and/or impact assessments	
Remediation		
HR11	0 Incidents	
SOCIAL: SOCIETY		
Local communities		
SO1	P.48-57	
SO9	P.67	
SO10	In any initiative, project or partnership we engage in, we ensure that we do not affect the communities we work with in any negative way	
Corruption		
SO2	0 Units	
SO3	P.38	Principle 10
SO4	We did not face any incidents of corruption this year	Principle 10
Public policy		
SO5	Aramex participates in some industry-related public policy development. This year, we worked to establish a CSR national policy for the UAE	
SO6	P.27	

INDICATOR	LOCATION OF DISCLOSURE	UNITED NATIONS GLOBAL COMPACT PRINCIPLES
Anti-competitive behavior		
SO7	P.27	
Compliance		
SO8	P.27	
SOCIAL: PRODUCT RESPONSIBILITY		
Customer health and safety		
PR1	We only produce packaging parcels and shipping pouches that are biodegradable within 2 years	
PR2	0 Incidents	
Product and service labelling		
PR3	P.26	
PR4	0 Incidents	
PR5	P.60 (We conduct the customer satisfaction survey every two years. We have conducted one in 2011 and will conduct another one in 2013)	
Marketing communications		
PR6	P.44	
PR7	P.44	
Customer privacy		
PR8	P.44	
Compliance		
PR9	0 Incidents	
LT1	We do not control ships	
LT2	Trucks: 13%, Vans & Pickups: 29%, Mini Vans and Sedans: 36%, Motorcycles 22%	
LT3	P.57-59-60	
LT5	P.57	Principle 8
LT6	P.59	Principle 7
LT7	P.57-59-60	
LT8	P.41	
LT9	P-28	
LT10	P-37	
LT11	P-41	
LT12	P-41	
LT13	0 Incidents	
LT14	Being a shipping company, we provide our employees with special rates to mail and ship, plus they can use the companies mailing address to send and receive shipments	
LT15	P-55	
LT16	P-39	Principle 1-2
LT17	P-35-37	Principle 1-2

ACRONYMS

ABANA	Arab Banks of North America	HR	Human Resources
ADSG	Abu Dhabi Sustainability Group	IST	Istanbul
AED	United Arab Emirate Dirham	IUCN	International Union for Conservation of Nature
AFED	Arab Forum for Environment and Development	JEBA	Jordan European Business Association
AMCHAM	The American Chamber of Commerce in Jordan	JED	Jeddah
ASLG	Arab Sustainability Leadership Group	KG	Kilograms
AMM	Amman	KPI	Key Performance Indicator
AUH	Abu Dhabi	KRT	Khartoum
BAH	Bahrain	KWI	Kuwait
BEY	Beirut	LBG	London Benchmarking Group
BOM	Bombay	LEV	Low Emission Vehicles
C-TPAT	Customs Trade Partnership Against Terrorism	LPG	Liquid Petroleum Gas
CAI	Cairo	MCAA	Messenger Courier Association of America
CAS	Casablanca	MCT	Muscat
CEO	Chief Executive Office	MKYEF	Mousab Khourma Youth Empowerment Fund
CH4	Methane	N/A	Not Applicable
CMB	Colombo	NGO	Non-Governmental Organization
CMT	Customer Management Team	NOx	Nitro Oxide
CO2	Carbon Dioxide	PJSC	Public Joint Stock Company
CTS	Click to Ship	PZEV	Partial zero-emissions vehicle
DAM	Damascus	RUH	Riyadh
DFT	Department for Transport	SMS (TEXT)	Short Message Service
DHA	Dhahran	SO2	Sulfur Dioxide
DOH	Doha	SSN	Shipment Status Notification
DQMS	Data Quality Management System	SULEV	Super Ultra Low Emission Vehicles
DXB	Dubai	TAPA	Transported Asset Protection Association
EDI	Electronic Document Interchange	THR	Tehran
EINVOICE	Electronic Invoice	TIP	Tripoli
EMS	Electronic Management System	TSA	Transportation Security Administration
EPOD	Electronic Proof of Delivery	UAE	United Arab Emirates
GCC	Gulf Cooperation Council	UK	United Kingdom
GDA	Global Distribution Alliance	ULEV	Ultra Low Emission Vehicles
GHG	Greenhouse Gases	UN	United Nations
GPS	Global Positioning System	UNICEF	United Nations Children's Fund
GRI	Global Reporting Initiative	US	United States
GSO	Global Support Office	USD	United States Dollars
H&S	Health and Safety	VP	Vice President
HKG	Hong Kong	YEA	Young Entrepreneurs Association
HQ	Headquarter		

GLOSSARY

AccountAbility1000 (AA1000): is a series of principle-based standards intended to provide the basis for improving the sustainability performance of organizations. The AA1000 Framework was developed to help organizations build their accountability and social responsibility through quality social and ethical accounting, auditing and reporting. It addresses the need for organizations to integrate their stakeholder engagement process into their daily activities.

Carbon Dioxide: is a chemical compound often referred to as CO2, and is present in the Earth's atmosphere.

G3 Reporting Guidelines: is a framework for reporting on an organization's economic, environmental, and social performance. Global Distribution Alliance (GDA): is a partnership of more than 40 leading logistics and transportation companies. With operations throughout the world, the GDA is strategically positioned to provide swift and reliable global transportation solutions. Each member of the alliance provides extensive coverage and expertise in each region of the world.

Global Reporting Initiative (GRI): is a long-term, multi-stakeholder, international process whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines. Global Support Office (GSO): is the company's headquarters in Amman, Jordan.

ISO14000: is a set of international environmental management standards that brings world- wide focus to the environment, encouraging a cleaner, safer, healthier world for us all. As part of the ISO standards, ISO14000 exists to help organizations minimize how their operations negatively affect the environment (cause adverse changes to air, water, or land), and comply with applicable laws, regulations, and other environmentally- oriented requirements.

ISO9001:2000: is a set of standards for quality management systems intended for use in any organization which designs, develops, manufactures, installs and/or services any product or provides any form of service. It provides a number of requirements which an organization needs to fulfill if it is to achieve customer satisfaction, through consistent products and services which meet customer expectations.

London Benchmarking Group (LBG): is a group of over 100 companies working together to measure Corporate Community Investment (CCI). The LBG model provides a comprehensive and consistent set of measures for CCI professionals to determine their company's contribution to the community, and to also capture the outputs and longer term impacts of CCI projects on society and the business itself.

OHSAS 18001: is an international occupational health and safety management system that provides specifications to help organizations control occupational health and safety risks.

Social Accountability 8000 (SA8000): is promoted as a voluntary, universal standard for companies interested in auditing and certifying labor practices in their facilities and those of their suppliers and vendors.

Sustainability: is an attempt to provide the best outcomes for the human and the natural environment, both now and into anindefinite future.

Aramex PJSC and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2012

aramex
delivery unlimited

Directors' Report

Dear Shareholders,

Last year, we celebrated Aramex's 30th anniversary, a key milestone in our long history of achievements, and we continued our incredible journey as we sustained our plans to expand and strengthen our global footprint. We also maintained a very strong financial performance despite the continued instability in the Middle East & North Africa, and the uncertainties clouding the global economic outlook, underscoring the consistency and reliability in our business, as well as our ability to deliver growth.

In 2012 our revenues grew by 21% from AED 2,571 million in 2011 to AED 3,105 million. Furthermore, net profits increased by 15% over the same period, from AED 211.5 million to AED 244.1 million.

We maintained our focus on expansion in growth markets, and we are actively exploring opportunities for acquisitions and joint ventures in Africa, Central Asia, and South East Asia in 2013.

For 2013, we are confident that Aramex is primed to deal with all the challenges ahead, whether on a regional or a global level. We will be keeping a close watch of the developments in the Middle East & North Africa region, in addition to the global economy, and we will be working tirelessly to continue our stable financial performance with healthy growth.

We will do our best to deliver on our promises to all our shareholders, and we have a clearly defined vision for achieving long term sustainable growth for Aramex in the coming years, while serving our expanding global customer base.

Abdullah M. Mazrui
Chairman

Fadi Ghandour
Founder and CEO

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAMEX PJSC

Report on the Financial Statements

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Aramex PJSC (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2012 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the Articles of Association of the Company and the UAE Commercial Companies Law of 1984 (as amended), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Report on other legal and regulatory requirements

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

Ernst & Young

Signed by
Joseph Alexander Murphy
Partner
Registration No. 492
For Ernst and Young

3 March 2013
Dubai, United Arab Emirates

ARAMEX PJSC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	NOTES	2012 AED'000	2011 AED'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	569,876	445,360
Goodwill	5	999,152	1,010,109
Other intangible assets	6	26,906	30,357
Available-for-sale financial assets	7	-	2,219
Investments in joint ventures	9	53,764	18,108
Investment in an associate	10	936	1,271
Deferred tax assets	11	2,824	2,555
Other non-current assets		9,205	72
		1,662,663	1,510,051
CURRENT ASSETS			
Accounts receivable	12	583,467	499,671
Other current assets	13	135,363	169,048
Bank balances and cash	14	333,673	314,011
		1,052,503	982,730
TOTAL ASSETS		2,715,166	2,492,781
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	1,464,100	1,464,100
Statutory reserve	16	121,886	87,312
Foreign currency translation reserve	16	(34,643)	(17,703)
Fair value reserve	16	-	(502)
Reserve arising from acquisition of non-controlling interests	16	(16,011)	(15,278)
Cash-flow hedge reserve	17	(2,960)	-
Retained earnings	18	481,271	347,181
Equity attributable to equity holders of the Parent		2,013,643	1,865,110
Non-controlling interests		32,428	30,972
TOTAL EQUITY		2,046,071	1,896,082
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	19	12,366	9,637
Employees' end of service benefits	20	91,166	79,660
Other non-current liabilities		572	1,200
Deferred tax liabilities	11	1,314	1,117
		105,418	91,614
CURRENT LIABILITIES			
Accounts payable	21	156,193	163,222
Bank overdrafts	22	11,329	19,445
Interest-bearing loans and borrowings	19	15,704	12,001
Other current liabilities	23	380,451	310,417
		563,677	505,085
TOTAL LIABILITIES		669,095	596,699
TOTAL EQUITY AND LIABILITIES		2,715,166	2,492,781

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 3 March 2013.

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

The attached notes from 1 to 36 form part of these consolidated financial statements

ARAMEX PJSC AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	2012 AED'000	2011 AED'000
CONTINUING OPERATIONS			
Rendering of services	24	3,105,386	2,570,713
Cost of services	25	(1,441,000)	(1,219,022)
GROSS PROFIT		1,664,386	1,351,691
Share of results of joint ventures	9	(3,660)	(554)
Share of results of an associate	10	(335)	(200)
Selling and marketing expenses		(147,211)	(122,418)
Administrative expenses	26	(606,201)	(468,884)
Operating expenses	27	(613,820)	(508,495)
Other income	28	3,719	2,623
OPERATING PROFIT		296,878	253,763
Finance income		4,294	7,360
Finance expense		(2,842)	(1,756)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX		298,330	259,367
Income tax	11	(26,676)	(17,640)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**271,654**	**241,727**
DISCONTINUED OPERATIONS			
(Loss) profit after tax from discontinued operations	8	(142)	231
PROFIT FOR THE YEAR		**271,512**	**241,958**
ATTRIBUTABLE TO:			
Equity holders of the Parent			
Profit for the year from continuing operations		244,033	211,364
Profit for the year from discontinued operations		86	174
		244,119	**211,538**
Non-controlling interests			
Profit for the year from continuing operations		27,621	30,362
(Loss) profit for the year from discontinued operations		(228)	58
		27,393	**30,420**
		271,512	**241,958**
Earnings per share attributable to the equity holders of the Parent:			
BASIC AND DILUTED EARNINGS PER SHARE	30	**AED 0.167**	**AED 0.144**
BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS		**AED 0.167**	**AED 0.144**

ARAMEX PJSC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	2012 AED'000	2011 AED'000
PROFIT FOR THE YEAR		271,512	241,958
OTHER COMPREHENSIVE LOSS, NET OF TAX:			
Exchange differences on translation of foreign operations		(16,438)	(11,520)
Net gain (loss) on available-for-sale financial assets		782	(1,770)
Gain realized on sale of available – for – sale financial assets transferred to statement of income		(280)	-
Net movement of cash flow hedge	17		
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(18,896)	(13,290)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		252,616	228,668
ATTRIBUTABLE TO:			
Equity holders of the Parent		224,721	198,400
Non-controlling interests		27,895	30,268
		252,616	228,668

The attached notes from 1 to 36 form part of these consolidated financial statements

ARAMEX PJSC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									
FOR THE YEAR ENDED 31 DECEMBER 2012	SHARE CAPITAL AED'000	STATUTORY RESERVE AED'000	FOREIGN CURRENCY TRANSLATION RESERVE AED'000	FAIR VALUE RESERVE AED'000	RESERVE ARISING FROM ACQUISITION OF NON-CONTROLLING INTERESTS AED'000	CASH FLOW HEDGE RESERVE AED'000	RETAINED EARNINGS AED'000	TOTAL AED'000	NON-CONTROLLING INTERESTS AED'000	TOTAL AED'000
At 1 January 2012	1,464,100	87,312	(17,703)	(502)	(15,278)	-	347,181	1,865,110	30,972	1,896,082
Total comprehensive income										
for the year	-	-	(16,940)	502	-	(2,960)	244,119	224,721	27,895	252,616
Acquisition of non-controlling										
interests (note 3)	-	-	-	-	(733)	-	-	(733)	(185)	(918)
Transfer to statutory reserve	-	34,574	-	-	-	-	(34,574)	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	1,822	1,822
Dividends paid to shareholders (note 18)	-	-	-	-	-	-	(73,205)	(73,205)	-	(73,205)
Directors fees paid	-	-	-	-	-	-	(2,250)	(2,250)	-	(2,250)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(28,076)	(28,076)
AT 31 DECEMBER 2012	**1,464,100**	**121,886**	**(34,643)**	**-**	**(16,011)**	**(2,960)**	**481,271**	**2,013,643**	**32,428**	**2,046,071**
FOR THE YEAR ENDED 31 DECEMBER 2011										
At 1 January 2011	1,464,100	62,274	(6,335)	1,268	(12,397)	-	272,089	1,780,999	24,577	1,805,576
Total comprehensive income										
for the year	-	-	(11,368)	(1,770)	-	-	211,538	198,400	30,268	228,668
Acquisition of non-controlling										
Interests (note 3)	-	-	-	-	(2,881)	-	-	(2,881)	(1,134)	(4,015)
Transfer to statutory reserve	-	25,038	-	-	-	-	(25,038)	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	2,072	2,072
Non-controlling interests	-	-	-	-	-	-	-	-	(10,496)	(10,496)
Dividends paid to shareholders (note 18)	-	-	-	-	-	-	(109,808)	(109,808)	-	(109,808)
Directors' fees paid	-	-	-	-	-	-	(1,600)	(1,600)	-	(1,600)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(14,315)	(14,315)
AT 31 DECEMBER 2011	**1,464,100**	**87,312**	**(17,703)**	**(502)**	**(15,278)**	**-**	**347,181**	**1,865,110**	**30,972**	**1,896,082**

The attached notes from 1 to 36 form part of these consolidated financial statements

ARAMEX PJSC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	2012 AED'000	2011 AED'000
OPERATING ACTIVITIES			
Profit before tax from continuing operations		298,330	259,367
(Loss) profit before tax from discontinued operations	8	(142)	390
Profit before tax		298,188	259,757
Adjustment for:			
Depreciation of property, plant and equipment	4	69,542	53,137
Amortisation of other intangible assets	6	3,247	2,194
Provision for employees' end of service benefits	20	20,001	19,445
Provision for doubtful accounts, net		14,583	7,453
Net finance income		(1,452)	(5,604)
Gain from sale of available - for - sale financial assets		(280)	-
Share of results of joint ventures		3,660	554
Share of results of an associate		335	200
Loss on disposal of property, plant and equipment		458	8
Gain on disposal of the discontinued operations	8	(771)	-
Gain from valuation of the investment in joint venture	9	(1,541)	-
Working capital changes:			
Accounts receivable		(98,810)	(38,985)
Accounts payable		(6,604)	11,965
Other current assets		36,736	(71,298)
Other current liabilities		65,717	43,983
Cash from operations		403,009	282,809
Employees' end of service benefits paid	20	(7,480)	(5,897)
Income tax paid		(25,389)	(15,016)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**370,140**	**261,896**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(200,486)	(160,241)
Proceeds from sale of property, plant and equipment		4,621	2,439
Proceeds from sale of available - for - sale financial assets		3,000	-
Interest received		4,294	7,360
Acquisition of subsidiaries, net of cash acquired		-	(217,087)
Proceeds from sale of a subsidiary, net of cash	8	176	-
Other non-current assets		(9,133)	(32)
Margin deposits		850	(2,353)
Intangible assets		-	(2,734)
Investments in joint ventures		(37,719)	-
Investment in an associate		-	(1,471)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(234,397)	(374,119)
FINANCING ACTIVITIES			
Interest paid		(2,842)	(1,756)
Acquisition of non-controlling interests	3	(918)	(3,456)
Net proceeds from loans and borrowings		6,505	8,419
Dividends of subsidiaries		(28,076)	(14,315)
Non-controlling interests		1,822	(10,496)
Directors' fees paid		(2,250)	(1,600)
Dividends paid to shareholders		(73,205)	(109,808)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(98,964)	(133,012)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		36,779	(245,235)
Net foreign exchange difference		(8,151)	(10,428)
Cash and cash equivalents at 1 January	14	280,879	536,542
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	14	309,507	280,879

The attached notes from 1 to 36 form part of these consolidated financial statements

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

1 ACTIVITIES

Aramex PJSC ("the Parent Company") is a Public Joint Stock Company registered in the Emirate of Dubai, United Arab Emirates on 15 February 2005 under UAE Federal Law No 8 of 1984 (as amended). The consolidated financial statements of the Company as at 31 December 2012 comprise the Parent Company and its subsidiaries (collectively referred to as "the Group" and individually as "Group entities").

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

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

The Parent Company's registered office is, Business Center Towers, 2302A, Media City (TECOM), Sheikh Zayed Road, Dubai, United Arab Emirates.

The consolidated financial statements were authorised for issue by the Board of Directors on 3 March 2013.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The consolidated financial statements are presented in UAE Dirhams (AED), being the functional currency of the Parent Company. Financial information is presented in AED and all values are rounded to the nearest thousand (AED '000), except when otherwise indicated.

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2012.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.1 Basis of preparation (continued)

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.2 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2012:

- IAS 12 Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets
- IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements

The adoption of the standards or interpretations is described below:

IAS 12 Income Taxes (Amendment)
Deferred Taxes: Recovery of Underlying Assets
The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and there has been no effect on the Group's financial position, performance or its disclosures.

IFRS 7 Financial Instruments: Disclosures
Enhanced Derecognition Disclosure Requirements
The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Group's first annual report after becoming effective.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Group does not expect the amendments to have any impact on its financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.3 Standards issued but not yet effective (continued)

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7
These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation.

The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analysis performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group.

This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 Joint Arrangements
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Ventures. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

The application of the new standards will not have an impact on the financial position or performance of the Group as the Group already accounts for these investments using the equity method.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

A number of new disclosures are also required, but has no impact on the Group's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analysis, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

Annual Improvements May 2012

These improvements will not have an impact on the Group, but include:

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.4 Significant accounting judgments, estimates and assumptions (continued)

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described in note 36. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2.5 Summary of significant accounting policies

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit and loss as incurred.

Except for capital work in progress, depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	over 4-7 years
Buildings	over 8-35 years
Furniture and fixtures	over 5-10 years
Warehousing racks	over 15 years
Office equipment	over 3-7 years
Computers	over 3-5 years
Vehicles	over 4-5 years

Land is not depreciated

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

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

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

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

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non- controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

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

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

Other intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of these intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible assets.

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

Available-for-sale financial assets
Available-for-sale financial assets are initially measured at fair value. After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the fair value reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other income, or the investment is determined to be impaired, when the cumulative loss is recognized in the consolidated income statement in finance costs and removed from the fair value reserve.

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

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.5 Summary of significant accounting policies (continued)

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

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

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

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as "share of losses of a joint venture" in the income statement.

Upon loss of joint control, the Group measures and recognises its remaining investment at its fair value. The difference between the carrying amount of the investment upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as an investment in an associate.

Investment in an associate
The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

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

The consolidated income statement reflects the share of the results of operations of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as "share of losses of an associate" in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Prepaid agency fees

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

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the consolidated income statement in expense categories consistent with the function of the impaired asset, except for a property previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Cash and short-term deposits

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, bank balances, and short-term deposits as defined above, net of outstanding bank overdrafts and cash margin.

Accounts receivable

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

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Foreign currencies

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

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date of the transaction first qualify for recognition.

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

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into AED's, at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Loans and borrowings and other financial liabilities

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisations are included in finance costs in the consolidated income statement.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.5 Summary of significant accounting policies (continued)

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Employees' end of service benefits
The provision for employees' end of service benefits, disclosed as a long-term liability, is calculated in accordance with IAS19 for Group's entities where their respective labour laws require providing indemnity payments upon termination of relationship with their employees.

Pensions and other post employment benefits
The Group provides for a number of post employment defined benefit plans required under several jurisdictions in which Aramex PJSC and its subsidiaries operate. These benefits are un-funded. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Actuarial gains and losses for the defined benefit plans are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

Unvested past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. Past service costs are recognised immediately if the benefits have already vested immediately following the introduction of, or changes to, a pension plan.

The defined benefit liability comprises the present value of the defined benefit obligations using a discount rate based on high quality corporate bonds. The Group has not allocated any assets to such plans.

Social security
Payments made to the social security institutions in connection with government pension plans applicable in certain jurisdictions are dealt with as payments to defined contribution plans, where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan. The Group pays contributions to the social security institutions on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense in the period to which the employees' service relates.

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty or discounts. The Group assesses its revenue arrangements

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

Express revenue

Express revenue is recognised upon receipt of shipment from the customer as the sales process is considered complete and the risks are transferred to the customer.

Freight forwarding revenue

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

Catalogue shopping and shop ‘n’ ship services revenue

Catalogue shopping and shop ‘n’ ship services revenue is recognised upon the receipt of the merchandise by the customers.

Revenue from magazines and newspapers distribution

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

Revenue from logistics and document storage services

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

Interest income

Interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the consolidated income statement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Taxation

Current income tax

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

Deferred tax

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

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments (interest rate swaps) to hedge its interest rate risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are taken directly to profit or loss except for the effective portion of cash flow hedges, which is recognized in other comprehensive income.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, the Group's interest rate swaps are classified as cash flow hedges, as the Group is hedging the exposure to variability in cash flows that is attributable to the interest rate risk associated with a highly probable forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of income.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognized.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in equity are transferred to the consolidated statement of income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instrument are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

Impairment and uncollectibility of financial assets

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

Leases

Group as a lessee

Finance leases, that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated income statement.

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

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

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.5 Summary of significant accounting policies (continued)

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

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

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Discontinued operations
Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated income statement.

3 BUSINESS COMBINATION AND ACQUISITION OF NON - CONTROLLING INTERESTS

Acquisitions in 2012

Acquisition of non-controlling interest:

Acquisition of additional interest in Aramex Courier, Freight and Logistics Services LLC – Erbil
On 25 April 2012, the Group acquired an additional 20% interest of the voting shares of Aramex Courier, Freight and Logistics Services LLC - Erbil, increasing its ownership interest to 100%. Cash consideration of AED 918 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Aramex Courier, Freight and Logistics Services LLC - Erbil at the acquisition date was AED 924 thousand, and the carrying value of the additional interest acquired was AED 185 thousand. The difference of AED 733 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.

Acquisitions in 2011

Acquisition of Berco Express (Proprietary) Limited (South Africa)
During December 2011, the Group acquired 100% of the voting shares of Berco Express (Proprietary) Limited, a company specializing in logistics and transportation services based in South Africa.

The fair values of the identifiable assets and liabilities of Berco Express (Proprietary) Limited and the corresponding carrying amounts, as at the date of acquisition were:

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

3 BUSINESS COMBINATION AND ACQUISITION OF NON - CONTROLLING INTERESTS (CONTINUED)

Acquisitions in 2011 (continued)

Acquisition of Berco Express (Proprietary) Limited (South Africa) (continued)

	FAIR VALUE RECOGNISED ON ACQUISITION AED'000	CARRYING VALUE AED'000
ASSETS		
Property, plant and equipment (note 4)	10,394	10,394
Trade and other receivables	63,427	63,427
Intangible assets	17,147	-
Deferred tax and other non-current assets	507	507
	91,475	**74,328**
LIABILITIES		
Trade and other payables	(21,580)	(21,580)
Bank overdrafts	(3,485)	(3,485)
	(25,065)	(25,065)
NET ASSETS ACQUIRED	66,410	
Goodwill arising on acquisition (note 5)	137,253	
PURCHASE CONSIDERATION TRANSFERRED	203,663	

	AED'000
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary	(3,485)
Cash paid	(203,663)
NET CASH OUTFLOW ON ACQUISITION (INCLUDED IN CASH FLOWS FROM INVESTING ACTIVITIES)	(207,148)

PURCHASE CONSIDERATION	AED
Cash paid	(119)
Capital increase	(203,662,411)
COST OF INVESTMENT	(203,662,530)

The goodwill of AED 137.2 million comprises of the value of expected synergies arising from the acquisition. Goodwill was allocated to international express, domestic express, freight forwarding and logistics.

The net assets recognised in the 31 December 2011 financial statements were based on a provisional assessment of fair value as the purchase price allocation (PPA) exercise had not been finalized by the date the 2011 financial statements were approved for issue by management. In August 2012, the Group finalized the (PPA) exercise, within the timelines specified under IFRS 3 – Business combinations.

From the date of acquisition, the acquired company has contributed AED 8,447 thousand of revenue and AED 594 thousand to the net profit before tax to the Group. If the combination had taken place at the beginning of the year, revenue for the Group would have been AED 2,717 million and the profit before tax for the Group would have been AED 279 million.

Transaction costs of AED 683 thousand have been expensed and included in administrative expenses.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012

3 BUSINESS COMBINATION AND ACQUISITION OF NON - CONTROLLING INTERESTS (CONTINUED)

Acquisitions in 2011 (continued)

Acquisition of One World Courier Limited (Kenya)

During January 2011, the Group acquired 70% of the voting shares in two companies specialising in freight forwarding, based in Africa.

The Group has elected to measure the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets.

The fair values of the identifiable assets and liabilities of the acquired entities and the corresponding carrying amounts, as at the date of acquisition were:

	FAIR VALUE RECOGNISED ON ACQUISITION AED'000	CARRYING VALUE AED'000
ASSETS		
Property, plant and equipment (note 4)	252	252
Trade and other receivables	1,051	1,051
Intangible assets	2,039	-
Bank balances and cash	344	344
	3,686	1,647
LIABILITIES		
Trade and other payables	(896)	(896)
Employees' end of service benefits	(92)	(92)
	(988)	(988)
NET ASSETS ACQUIRED	2,698	
Non-controlling interests	(2,072)	
Goodwill arising on acquisition (note 5)	9,657	
PURCHASE CONSIDERATION TRANSFERRED	10,283	

	AED'000
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiaries	344
Cash paid	(10,283)
NET CASH OUTFLOW ON ACQUISITION (INCLUDED IN CASH FLOWS FROM INVESTING ACTIVITIES)	(9,939)

The Group has finalised the purchase price allocation (PPA) exercise, within the timelines specified under IFRS 3–Business Combinations.

The goodwill of AED 9.7 million comprises of the value of expected synergies arising from the acquisition. Goodwill was allocated to International Express, Domestic Express and Freight Forwarding.

From the date of acquisition, the acquired companies have contributed AED 10,099 thousand of revenue and AED 594 thousand of the net profit before tax to the Group.

Transaction costs of AED 220 thousand have been expensed and included in administrative expenses.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

3 BUSINESS COMBINATION AND ACQUISITION OF NON - CONTROLLING INTERESTS (CONTINUED)

Acquisitions in 2011 (continued)

Acquisition of One World Courier Limited (Kenya)

If the combination had taken place at the beginning of the year, revenue for the Group would have been AED 2,577 million and the profit before tax for the Group would have been AED 260 million.

Acquisition of additional interest in Aramex International GmbH – Germany

On 31 August 2011, the Group acquired an additional 49% interest of the voting shares of Aramex International GmbH - Germany increasing its ownership interest to 100%. Cash consideration of AED 690 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Aramex International GmbH Germany at the acquisition date was AED 904 thousand, and the carrying value of the additional interest acquired was AED 443 thousand. The difference of approximately AED 248 thousand between the consideration paid and the carrying value of the interest acquired has been recognised within equity as a reserve arising from acquisition of non-controlling interests.

Acquisition of additional interest in Aramex International Services Co. LTD – Sudan

On 1 June 2011, the Group acquired an additional 20% interest of the voting shares of Aramex International Services Co. LTD - Sudan, increasing its ownership interest to 80%. Cash consideration of AED 1.47 million was paid to the non-controlling shareholders. The carrying value of the net assets of Aramex International Services Co. LTD - Sudan at the acquisition date was a deficit of AED 1.21 million, and the carrying value of the additional interest acquired was a deficit of AED 242 thousand. The difference of approximately AED 1.71 million between the consideration paid and the carrying value of the interest acquired has been recognised within equity as a reserve arising from acquisition of non-controlling interests.

Acquisition of additional interest in Info-fort Amman

On 1 June 2011 the Group acquired an additional 33% interest of the voting shares of Info-fort Amman, increasing its ownership interest to 83%. Cash consideration of AED 1.3 million was paid to the non-controlling shareholders. The carrying value of the net assets of Info-fort Amman at the acquisition date was AED 2.8 million, and the carrying value of the additional interest acquired was AED 933 thousand. The difference of approximately AED 363 thousand between the consideration paid and the carrying value of the interest acquired has been recognised within equity as a reserve arising from acquisition of non-controlling interests.

Capital increase of Aramex Ghana

On 1 June 2011, Aramex Ghana increased its capital by AED 2.96 million. The total amount was paid by Aramex Group, increasing the Group's ownership interest to 75%. The difference of AED 560 thousand between the amount paid and the interest acquired has been recognised within equity as a reserve arising from acquisition of non – controlling interests.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

4 PROPERTY, PLANT AND EQUIPMENT

	LAND AED'000	LEASEHOLD IMPROVEMENTS AED'000	BUILDINGS AED'000	FURNITURE AND FIXTURES AED'000	WAREHOUSING RACKS AED'000	OFFICE EQUIPMENT AED'000	COMPUTERS AED'000	VEHICLES AED'000	CAPITAL WORK-IN-PROGRESS AED'000	TOTAL AED'000
COST										
At 1 January 2012	12,140	55,045	220,295	24,389	50,145	79,791	100,189	93,901	38,608	674,503
Additions	31,216	8,916	80,306	5,924	11,542	17,671	17,478	27,433	-	200,486
Transfers	-	(103)	-	(25)	503	(1,084)	28	681	-	-
Transfer from capital work-in-progress	-	-	33,488	777	1,959	2,384	-	-	(38,608)	-
Disposals	-	(4,505)	-	(2,324)	(187)	(3,326)	(8,435)	(17,623)	-	(36,400)
Exchange differences	(26)	(26)	(149)	(142)	68	(911)	(482)	(1,489)	-	(3,157)
At 31 December 2012	43,330	59,327	333,940	28,599	64,030	94,525	108,778	102,903	-	835,432
DEPRECIATION										
At 1 January 2012	-	26,613	23,119	13,517	13,997	36,297	61,006	54,594	-	229,143
Charge for the year	-	6,966	10,231	3,015	2,823	10,922	15,720	19,865	-	69,542
Transfers	-	(40)	-	(19)	478	(1,070)	22	629	-	-
Disposals	-	(3,630)	-	(1,870)	(28)	(2,546)	(7,609)	(15,638)	-	(31,321)
Exchange differences	-	(28)	-	(121)	36	(323)	(385)	(987)	-	(1,808)
AT 31 DECEMBER 2012	-	29,881	33,350	14,522	17,306	43,280	68,754	58,463	-	265,556
Net carrying amount:										
AT 31 DECEMBER 2012	43,330	29,446	300,590	14,077	46,724	51,245	40,024	44,440	-	569,876

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	LAND AED'000	LEASEHOLD IMPROVEMENTS AED'000	BUILDINGS AED'000	FURNITURE AND FIXTURES AED'000	WAREHOUSING RACKS AED'000	OFFICE EQUIPMENT AED'000	COMPUTERS AED'000	VEHICLES AED'000	CAPITAL WORK-IN-PROGRESS AED'000	TOTAL AED'000
COST										
At 1 January 2011	12,279	44,598	77,884	19,876	38,834	51,597	82,929	66,094	107,113	501,204
Additions	-	12,933	56,894	4,596	8,922	17,980	17,856	13,866	27,194	160,241
Acquisition of subsidiaries	-	48	-	1,751	-	5,467	4,625	21,339	-	33,230
Transfers	-	660	85,517	(293)	3,490	6,300	77	(52)	(95,699)	-
Disposals	(9)	(2,169)	-	(1,147)	(726)	(718)	(3,591)	(5,597)	-	(13,957)
Exchange differences	(130)	(1,025)	-	(394)	(375)	(835)	(1,707)	(1,749)	-	(6,215)
At 31 December 2011	12,140	55,045	220,295	24,389	50,145	79,791	100,189	93,901	38,608	674,503
DEPRECIATION										
At 1 January 2011	-	22,703	17,354	10,875	11,958	24,340	46,664	35,166	-	169,060
Charge for the year	-	5,777	5,765	2,500	2,729	8,319	14,544	13,503	-	53,137
Acquisition of subsidiaries	-	10	-	1,470	-	4,822	4,001	12,281	-	22,584
Transfers	-	192	-	(91)	(9)	(106)	32	(18)	-	-
Disposals	-	(1,372)	-	(968)	(554)	(542)	(2,911)	(5,163)	-	(11,510)
Exchange differences	-	(697)	-	(269)	(127)	(536)	(1,324)	(1,175)	-	(4,128)
AT 31 DECEMBER 2011	-	26,613	23,119	13,517	13,997	36,297	61,006	54,594	-	229,143
Net carrying amount:										
AT 31 DECEMBER 2011	12,140	28,432	197,176	10,872	36,148	43,494	39,183	39,307	38,608	445,360

Capital work in progress as of 31 December 2011 included a warehouse under construction in Cairo and a building under construction in Amman that were capitalized during 2012.

Property, plant and equipment include:
- Vehicles with a net book value of AED 15.25 million (2011: AED 12.01 million) have been obtained under finance leases (note 19).
- Vehicles amounting to AED 66 thousand as of 31 December 2011 have been pledged against bank facilities.

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5 GOODWILL

	2012 AED'000	2011 AED'000
At 1 January	1,010,109	863,199
Goodwill resulting from acquisition of One World Courier Limited (Kenya)	-	9,657
Goodwill resulting from acquisition of Berco Express (Proprietary)		
Limited (South Africa)	-	137,253
Exchange differences	(10,957)	-
AT 31 DECEMBER	**999,152**	**1,010,109**

The Group performed its annual impairment test at 31 December 2012. The recoverable amounts of the cash generating units has been determined using cash flow projections from financial budgets approved by senior management covering a five year period. The discount rate applied to cash flow projections is 12% (2011: 12%).

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

	2012 AED'000	2011 AED'000
Express shipping	306,126	309,935
Freight forwarding	189,356	191,713
Domestic shipping	300,096	303,830
Logistics	84,999	86,056
Documents storage	109,388	109,388
Publication and distribution	9,187	9,187
	999,152	1,010,109

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

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

Discount rates - Discount rates represent the current market assessment of the risks specific to each cash generating unit. The discount rate was estimated based on the average percentage of a weighted average cost of capital for the industry which is 12% (2011: 12%). Cost of debt is not deemed to have any significant impact on the rate.

Growth rate estimates – Growth rate used of 3% (2011: 3%) is based on actual operating results and future expected performance.

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

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6 OTHER INTANGIBLE ASSETS

	2012 AED'000	2011 AED'000
COST		
At 1 January	37,059	13,435
Acquisition of subsidiaries	-	19,186
Acquisition of customer list	-	4,438
Disposals	(204)	-
AT 31 DECEMBER	36,855	37,059
AMORTISATION		
At 1 January	(6,702)	(4,508)
Amortisation during the year	(3,247)	(2,194)
At 31 December	(9,949)	(6,702)
NET CARRYING AMOUNT AT 31 DECEMBER	26,906	30,357

7 AVAILABLE FOR SALE FINANCIAL ASSETS

This item represented investment in shares of a listed company in the Dubai Financial Market. The Group sold these shares during 2012.

8 DISCONTINUED OPERATION

During 2012, the Group publicly announced the decision of its Board of Directors to dispose of 33.3% of its interest in PT Global Distribution Alliance Company (Indonesia) which resulted in decreasing its ownership in PT Global Distribution Alliance Company (Indonesia) from 75% to 50%, as a new local law in Indonesia restricting the investment of foreign entities is intended to go into effect in 2014. On 30 September 2012, the Group completed the sale of PT Global Distribution Alliance Company (Indonesia) for AED 367 thousand in cash and an amount of AED 514 thousand to be deducted from the buyer's share of the future profits of PT Global Distribution Alliance Company (Indonesia), resulting in a pre-tax gain of AED 771 thousand. The cash flows generated by the sale of the discontinued operation during 2012 have been considered in the statement of cash flows as part of the investing activities. The remaining investment in PT Global Distribution Alliance Company (Indonesia) was classified as an investment in a joint venture.

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8 DISCONTINUED OPERATION (CONTINUED)

The results of PT Global Distribution Alliance Company (Indonesia) for the year are as follows:

	2012 AED'000	2011 AED'000
Revenue	3,304	5,486
Expenses	(1,695)	(2,240)
GROSS PROFIT	1,609	3,246
Less: Overheads	(2,423)	(2,732)
OPERATING (LOSS) INCOME	(814)	514
Add: Other income	126	139
Less: Expenses	(225)	(263)
(LOSS) PROFIT BEFORE TAX FROM A DISCONTINUED OPERATION	(913)	390
Income tax expense	-	(159)
Gain on disposal of a discontinued operation	771	-
(LOSS) PROFIT AFTER TAX FOR THE PERIOD FROM A DISCONTINUED OPERATION	**(142)**	**231**
CASH OUTFLOW ON SALE:		
Consideration received	367	
Cash included as cash and cash equivalents at 31 December 2011 in the statement of cash flows	(191)	
NET CASH INFLOW	**176**	

The net cash flows incurred by PT Global Distribution Alliance Company are as follows:

	2012 AED'000	2011 AED'000
Operating	182	(410)
Investing	(431)	(298)
Financing	73	46
NET CASH OUTFLOW	**(176)**	**(662)**

9 INVESTMENTS IN JOINT VENTURES

	OWNERSHIP PERCENTAGE %	COUNTRY OF INCORPORATION	NATURE OF ACTIVITY	2012 AED'000	2011 AED'000
Aramex Mashreq for Logistics Services S.A.E*	75%	Egypt	Logistic Services	49,032	16,261
Aramex Delmege Logistics (PVT)	50%	Sri-Lanka	Logistic Services	-	9
Aramex Sinotrans Co. LTD**	50%	China	Express, Freight And Logistics Services	1,686	-
PT-Global Distribution Alliance***	50%	Indonesia	Express Services	1,593	-
Aramex Logistics LLC	50%	Oman	Logistic Services	1,453	1,838
				53,764	**18,108**

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9 INVESTMENTS IN JOINT VENTURES (CONTINUED)

* During the year 2012, the Group paid an amount of AED 32.2 million which represents the capital increase of Aramex Al Mashreq for Logistic Services S.A.E increasing its ownership from 50% to 75%. However, the approvals for all major operational decisions are required by the Group and its partner jointly. Based on the facts and circumstances, management determined that, in substance, the Group does not control the entity.

** During 2012, the Group entered into a joint venture agreement to establish and operate a joint venture company with 50% interest named Aramex Sinotrans Co. Ltd .

*** During 2012, the Group publicly announced the decision of its Board of Directors to dispose of 33.3% of its interest in PT Global Distribution Alliance Company (Indonesia) which resulted in decreasing its ownership in PT Global Distribution Alliance Company (Indonesia) to 50% and to classify it as a joint venture, measured at the fair value at the date of disposal. The fair valuation of the new investment in the joint venture resulted in a gain of AED 1,541 thousand (note 28).

Aramex Mashreq for Logistics Services, Aramex Delmege Logistics (PVT), Aramex Sinotrans Co. LTD, Aramex Logistics LLC and PT – Global Distribution Alliance are private entities that are not listed in any public exchange.

The following tables illustrates the summarised financial information of the Group's investment in each entity:

Share of the joint ventures' statement of financial position:

2012

	ARAMEX MASHREQ FOR LOGISTICS SERVICES AED'000	ARAMEX DELMEGE LOGISTICS (PVT) AED'000	ARAMEX SINOTRANS CO. LTD AED'000	PT- GLOBAL DISTRIBUTION ALLIANCE AED'000	ARAMEX LOGISTICS LLC AED'000	TOTAL AED'000
Non-current assets	40,834	-	367	1,719	1	42,921
Current assets	29,402	-	3,038	440	11,675	44,555
Non-current liabilities	(16,422)	-	-	(91)	-	(16,513)
Current liabilities	(4,782)	-	(1,719)	(475)	(10,223)	(17,200)
EQUITY	49,032	-	1,686	1,593	1,453	53,764

2011

	ARAMEX MASHREQ FOR LOGISTICS SERVICES AED'000	ARAMEX DELMEGE LOGISTICS (PVT) AED'000	ARAMEX SINOTRANS CO. LTD AED'000	PT- GLOBAL DISTRIBUTION ALLIANCE AED'000	ARAMEX LOGISTICS LLC AED'000	TOTAL AED'000
Non-current assets	22,319	5	-	-	2	22,326
Current assets	9,494	55	-	-	2,048	11,597
Non-current liabilities	(12,246)	-	-	-	(10)	(12,256)
Current liabilities	(3,306)	(51)	-	-	(202)	(3,559)
EQUITY	16,261	9	-	-	1,838	18,108

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9 INVESTMENTS IN JOINT VENTURES (CONTINUED)

Share of the joint ventures' revenue and profit (loss):

2012

	ARAMEX MASHREQ FOR LOGISTICS SERVICES AED'000	ARAMEX DELMEGE LOGISTICS (PVT) AED'000	ARAMEX SINOTRANS CO. LTD AED'000	PT- GLOBAL DISTRIBU-TION ALLI-ANCE AED'000	ARAMEX LOGISTICS LLC AED'000	TOTAL AED'000
Revenue	25,504	-	6,255	566	-	32,325
Profit (loss)	718	-	(3,821)	(172)	(385)	(3,660)
CARRYING AMOUNT OF THE INVESTMENTS	**49,032**	**-**	**1,686**	**1,593**	**1,453**	**53,764**

2011

	ARAMEX MASHREQ FOR LOGISTICS SERVICES AED'000	ARAMEX DELMEGE LOGISTICS (PVT) AED'000	ARAMEX SINOTRANS CO. LTD AED'000	PT- GLOBAL DISTRIBU-TION ALLI-ANCE AED'000	ARAMEX LOGISTICS LLC AED'000	TOTAL AED'000
Revenue	12,946	-	-	-	-	12,946
(Loss) profit	(286)	3	-	-	(271)	(554)
CARRYING AMOUNT OF THE INVESTMENTS	**16,261**	**9**	**-**	**-**	**1,838**	**18,108**

10 INVESTMENT IN AN ASSOCIATE

The Group has a 49% interest in Aramex Tunisia Limited which is involved in the business of freight forwarding.

Aramex Tunisia Limited is a private entity that is not listed in any public exchange.

The following table illustrates summarised financial information of the Group's investment in Aramex Tunisia Limited:

Share of the associate's statement of financial position:

	2012 AED'000	2011 AED'000
Non-current assets	137	102
Current assets	341	668
Current liabilities	(420)	(360)
Equity	58	410

Share of the associate's revenue and loss:

	2012 AED'000	2011 AED'000
Revenues	1,551	319
Loss	(335)	(200)
Carrying amount of the investment	936	1,271

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11 INCOME TAX

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

	2012 AED'000	2011 AED'000
Current tax expense	26,898	17,142
Deferred income tax	(72)	951
Exchange differences	(150)	(453)
INCOME TAX EXPENSE FOR THE YEAR	26,676	17,640

Deferred tax relates to the following:

	2012 AED'000	2011 AED'000
Provision for doubtful accounts	347	410
Depreciation	(104)	(1,047)
Employees end of service benefits	654	1,026
Net operating losses carried forward	2	1,482
Capital allowance	(155)	(106)
Others	766	(327)
	1,510	1,438
RECOGNISED AS FOLLOWS:		
As deferred tax assets	2,824	2,555
As deferred tax liabilities	(1,314)	(1,117)
	1,510	1,438

Reconciliation between accounting profit and taxable profit:

	2012 AED'000	2011 AED'000
Accounting profit	298,330	259,367
Non-deductible expenses	78,026	68,171
Losses carried forward	(2,254)	-
TAXABLE PROFIT	374,105	327,538
Income tax charge for the year	26,676	17,640
Effective income tax rate	8,94%	6.80%

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

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12 ACCOUNTS RECEIVABLE

	2012 AED'000	2011 AED'000
Trade receivables	630,865	538,700
Less: allowance for doubtful accounts	(47,398)	(39,029)
	583,467	499,671

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

	2012 %	2011 %
- Middle East and Africa	75	74
- Europe	15	16
- North America	2	2
- Asia	8	8

As at 31 December 2012, trade receivables at nominal value of AED 47,398 thousand (2011: AED 39,029 thousand) were impaired. Movements in the allowance for impairment of receivables were as follows:

	2012 AED'000	2011 AED'000
At 1 January	39,029	35,883
Charge for the year	15,610	9,354
Acquisition of a subsidiary	-	583
Unused amounts reversed	(1,027)	(1,901)
Amounts written-off	(6,214)	(4,890)
AT 31 DECEMBER	**47,398**	**39,029**

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

		Past due but not impaired				
	TOTAL AED'000	0-60 DAYS AED'000	61-90 DAYS AED'000	91-180 DAYS AED'000	181-365 DAYS AED'000	More than 1 YEAR AED'000
2012	**583,467**	**472,945**	**64,029**	**32,521**	**13,972**	**-**
2011	499,671	390,711	66,221	29,812	12,927	-

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

13 OTHER CURRENT ASSETS

	2012 AED'000	2011 AED'000
Prepaid expenses	43,494	41,999
Advances and other receivables *	91,869	127,049
	135,363	169,048

* Advances and other receivables include an amount of AED 12 million (2011: AED 15 million) due from a related party in connection with employees participating in an incentive plan as at 31 December 2012 and 2011.

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14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	2012 AED'000	2011 AED'000
Cash and short term deposits	333,673	314,011
Less: cash margin	(12,837)	(13,687)
Less: bank overdrafts (note 22)	(11,329)	(19,445)
	309,507	**280,879**

Included in cash and short term deposits are amounts totalling AED 175,789 thousand (31 December 2011: AED 163,335 thousand) held at foreign banks abroad.

15 SHARE CAPITAL

	2012 AED'000	2011 AED'000
Authorised, issued and paid up		
1,464,100,000 ordinary shares of AED 1 each (2011: 1,464,100,000		
ordinary shares of AED 1 each)	**1,464,100**	**1,464,100**

16 RESERVES

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

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

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

Reserve arising from acquisition of non-controlling interests
The reserve represents the difference between the consideration paid to acquire non-controlling interests and the carrying amount of those interests at the date of acquisition.

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17 DERIVATIVE FINANCIAL INSTRUMENTS

On 31 January 2012, the Group entered into a loan agreement with Arab Bank for an amount of USD 50 million. The loan bears interest at USD three month LIBOR plus 225 basis points per annum and will be paid on quarterly basis. The Group has an availability withdrawal period to draw down the loan up to January 2013. The purpose of the loan is to finance expected acquisition costs.

To mitigate its exposure to fluctuations in market interest rates, the Group entered into interest rate swap contracts that effectively fix the interest rate on 100% of its available facilities with the Arab Bank. Under the terms of these contracts, the Company pays a pre-determined fixed LIBOR rate (1.19%) of interest on a notional principal balance equal to amounts expected to be drawn down and receives from the counter-party a floating rate of interest on the same notional principal balance equal to USD three month LIBOR.

For the purpose of hedge accounting, the Group's interest rate swap contracts were classified as cash flow hedges, as the Group is hedging its exposure to variability in cash flows that is attributable to the interest rate risk associated with a highly probable forecast transaction.

The cash flow hedges were assessed to be highly effective and an unrealized loss of AED 2,960 thousand was included in other comprehensive income, and the corresponding negative fair value of the interest rate swap deal was recorded as a liability in the statement of financial position.

18 RETAINED EARNINGS

Dividends
The General Assembly approved in its meeting held on 11 April 2012 a cash dividend for 2011 of 5% of the Company's share capital.

The General Assembly approved in its meeting held on 30 May 2011 a cash dividend for 2010 of 7.5% of the Company's share capital.

Directors' fees paid
Directors' fees of AED 2.25 million representing remuneration for attending meetings and compensation for professional services rendered by the Directors for the year 2011 were paid in 2012 (2011: AED 1.6 million representing remuneration for attending meetings and compensation for professional services rendered by the Directors for the year 2010 were paid).

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19 LOANS AND BORROWINGS

	2012 AED'000	2011 AED'000
NON-CURRENT		
Term loan	2,614	2,336
Notes payable	2,321	1,944
Finance lease obligations (a)	7,431	5,357
	12,366	**9,637**
CURRENT		
Term loan	3,142	1,178
Notes payable	4,551	3,979
Finance lease obligations (a)	8,011	6,844
	15,704	**12,001**

(a) Finance lease obligation

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

	FUTURE MINIMUM LEASE PAYMENTS AED'000	INTEREST AED'000	PRESENT VALUE OF MINIMUM LEASE PAYMENTS AED'000
Less than one year	9,218	1,207	8,011
Between one and five years	7,992	561	7,431
31 DECEMBER 2012	**17,210**	**1,768**	**15,442**
Less than one year	7,726	882	6,844
Between one and five years	6,030	673	5,357
31 DECEMBER 2011	**13,756**	**1,555**	**12,201**

Finance lease obligations are denominated in Saudi Riyals (SR), and have maturities till 2015. Interest rate on finance lease obligations is 8%. (2011: Finance lease obligations are denominated in Saudi Riyals (SR), GBP, Egyptian Pound (EGP) and Malaysian Ringgit (MYR) and have maturities between 2012 and 2016. Interest rates on finance lease obligations range from 6% to 13%).

20 EMPLOYEES' END OF SERVICE BENEFITS

	2012 AED'000	2011 AED'000
Provision as at 1 January	79,660	66,958
Provided during the year	20,001	19,445
Acquisition of a subsidiary	-	92
Paid during the year	(7,480)	(5,897)
Disposal of a subsidiary (note 8)	(105)	-
Exchange differences	(910)	(938)
Provision as at 31 December	91,166	79,660
Actuarial gains and losses	-	-
Present value of the defined benefit obligations	**91,166**	**79,660**

21 ACCOUNTS PAYABLE

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

22 BANK OVERDRAFTS

The Group maintains overdrafts and lines of credit with various banks. Aramex International Limited (AIL) has provided a corporate guarantee of AED 1.8 million to Audi Bank in Lebanon to secure the bank facilities given for the Aramex subsidiary in Lebanon. The outstanding balance of the overdrafts and lines of credit amounted to AED 173 thousand (2011: AED Nil).

Aramex South Africa (Berco Express Limited) has outstanding lines of credit of AED Nil as at 31 December 2012 (2011: AED 9.78 million) from ABSA – member of the BARCLAYS group. The bank has Aramex PJSC's limited suretyship that covers up to AED 15.84 million.

Aramex Ireland Limited has outstanding bank overdrafts and lines of credit (that includes invoicing discounting) of AED 7.76 million as at 31 December 2012 (2011: AED 9.67 million), which are secured by a floating charge over the assets of the Aramex Ireland Limited together with inter-company guarantees within the Group.

Aramex Emirates LLC has outstanding overdrafts from the Arab Bank of AED 3.39 million as at 31 December 2012 (2011: AED Nil). The Company has provided a corporate guarantee of AED 3.74 million.

23 OTHER CURRENT LIABILITIES

	2012 AED'000	2011 AED'000
Accrued expenses	313,665	250,566
Deferred revenue	15,672	13,782
Sales and other taxes	8,946	8,074
Income taxes payable	22,428	21,069
Customers' deposits	403	492
Social security taxes payable	7,694	6,997
Others	11,643	9,437
	380,451	310,417

24 REVENUE

	2012 AED'000	2011 AED'000
International express	989,933	832,370
Freight forwarding	1,176,041	1,073,301
Domestic express	598,275	373,120
Logistics	138,284	110,760
Publications and distribution	25,630	28,318
Others*	177,223	152,844
	3,105,386	2,570,713

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24 REVENUE (CONTINUED)

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

25 COST OF SERVICES

	2012 AED'000	2011 AED'000
International express	338,335	289,306
Freight forwarding	868,106	778,535
Domestic express	170,864	91,104
Logistics	24,641	20,733
Publications and distribution	18,875	21,166
Others	20,179	18,178
	1,441,000	**1,219,022**

26 ADMINISTRATIVE EXPENSES

	2012 AED'000	2011 AED'000
Salaries and benefits	291,150	226,544
Rent	52,075	48,687
Depreciation	45,730	34,131
Communication expenses	26,028	21,225
Repairs and maintenance	14,492	13,447
Travel expenses	15,377	12,296
Allowance for impairment of receivables (note 12)	14,583	7,453
Utilities	11,002	9,717
Printing and stationary	8,823	6,583
Entertainment	6,286	5,008
Vehicle running expenses	4,254	3,618
Insurance	4,361	3,231
Conference and meeting expenses	1,157	731
Sponsorship fees	331	629
Government fees and taxes	29,880	4,185
Corporate Social Responsibility	6,418	6,106
Others	74,254	65,293
	606,201	**468,884**

27 OPERATING EXPENSES

	2012 AED'000	2011 AED'000
Salaries and benefits	400,716	337,651
Vehicle running and maintenance	79,790	63,033
Supplies	25,021	20,167
Communication expenses	5,962	5,662
Depreciation	23,812	18,856
Rent	45,022	37,642
Others	33,497	25,484
	613,820	**508,495**

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28 OTHER INCOME

	2012 AED'000	2011 AED'000
Exchange (loss) gain	(809)	202
Loss on sale of property, plant and equipment	(458)	(8)
Miscellaneous income	3,445	2,429
Gain from valuation of the investment in joint venture (note 9)	1,541	-
	3,719	2,623

29 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 income statement are as follows:

	RELATED PARTY			TOTAL	
	OFFICERS AED'000	COMPANIES CONTROLLED BY THE DIRECTORS AED'000	DIRECTORS AED'000	2012 AED'000	2011 AED'000
RENT EXPENSE	235	1,485	-	1,720	7,015

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

	2012 AED'000	2011 AED'000
Salaries and other short term benefits	13,391	11,416
End of service benefits	958	304
	14,349	11,720

Significant subsidiaries of the Group include:
Aramex Amman, Jordan
Jordan Distribution Agency, Amman
Aramex India Private Limited, India
Aramex International Egypt for Air and Local services (S.A.E), Egypt
Aramex Bahrain
Aramex Emirates LLC, Dubai
Aramex Ireland Limited
Aramex Nederland B.V.
Berco Express (Proprietary) Limited South Africa

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

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

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29 RELATED PARTY TRANSACTIONS (CONTINUED)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year. For information regarding outstanding balances at 31 December 2012 and 2011, as well as 1 January 2011, refer to Notes 12 and 21:

		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
ASSOCIATE:					
Aramex Tunisia Limited	2012	19	-	-	363
	2011	-	-	31	35
JOINT VENTURES IN WHICH THE PARENT IS A VENTURER:	2012	51	969	2,757	9,914
	2011	-	-	-	371

* The amounts are classified as trade receivables and trade payables, respectively.

30 EARNINGS PER SHARE

	31 DECEMBER 2012	31 DECEMBER 2011
Profit attributable to shareholders of the		
Parent (AED'000)	244,119	211,538
Weighted average number of shares during		
the year (shares)	1,464 MILLION	1,464 MILLION
Basic and diluted earnings per share (AED)	0.167	0.144

31 OPERATING LEASES

Group as lessee

The Group leases land, office space, warehouses and transportation equipments under various operating leases, some of which are renewable annually. Rent expense related to these leases amounted to AED 97.1 million for the year ended 31 December 2012 (2011: AED 86.33 million). The Group believes that most operating leases will be renewed at comparable rates to the expiring leases.

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

	2012 AED'000	2011 AED'000
Less than one year	94,524	91,072
Between one and five years	357,798	327,869
More than five years	57,003	52,610
	509,325	471,551

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32 SEGMENTAL INFORMATION

For management purposes, the Group is organised into five operating segments.

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

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

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

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32 SEGMENTAL INFORMATION (CONTINUED)

The following table presents revenue and profit information regarding the Group's operating segments for the years ended 31 December 2012 and 2011, respectively.

	INTERNATIONAL EXPRESS AED'000	FREIGHT FORWARDING AED'000	DOMESTIC EXPRESS AED'000	LOGISTICS AED'000	OTHERS AED'000	ELIMINATION AED'000	TOTAL AED'000
Year ended 31 December 2012							
Revenue							
Third party	989,933	1,176,041	598,275	138,284	202,853	-	3,105,386
Inter-segment	430,404	216,235	15,450	3,855	4,611	(670,555)	-
Total revenues	1,420,337	1,392,276	613,725	142,139	207,464	(670,555)	3,105,386
Gross profit	**651,597**	**307,935**	**427,411**	**113,644**	**163,799**	-	**1,664,386**
Year ended 31 December 2011							
Revenue							
Third party	832,370	1,073,301	373,120	110,760	181,162	-	2,570,713
Inter-segment	373,728	179,387	17,000	2,368	4,570	(577,053)	-
Total revenues	1,206,098	1,252,688	390,120	113,128	185,732	(577,053)	2,570,713
Gross profit	**543,064**	**294,766**	**282,016**	**90,027**	**141,818**	-	**1,351,691**

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

Geographical segments

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

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32 SEGMENTAL INFORMATION (CONTINUTED)

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

	2012 AED'000	2011 AED'000
REVENUES		
Middle East and Africa	2,243,000	1,775,517
Europe	520,459	504,284
North America	66,266	47,530
Asia	275,661	243,382
	3,105,386	**2,570,713**
ASSETS		
Middle East and Africa	2,215,614	2,071,639
Europe	352,716	296,697
North America	28,926	24,993
Asia	117,910	99,452
	2,715,166	**2,492,781**
NON- CURRENT ASSETS*		
Middle East and Africa	553,591	448,014
Europe	72,109	24,877
North America	8,269	9,677
Asia	17,513	12,528
	651,482	**495,096**
LIABILITIES		
Middle East and Africa	492,304	432,887
Europe	113,214	111,526
North America	13,084	15,050
Asia	50,493	37,236
	669,095	**596,699**

* Non-current assets for this purpose consist of property, plant and equipment, other intangible assets, investments in joint ventures and investment in an associate. Goodwill is allocated to business segments (note 5).

33 COMMITMENTS AND CONTINGENCIES

Contingent liabilities

	2012 AED'000	2011 AED'000
Letters of guarantee	**66,875**	**60,822**

Capital commitments

As at 31 December 2012, the Group has capital commitments of AED 16.2 million (2011: AED 9.04 million) towards purchase/construction of property, plant and equipment.

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33 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Claims against the Group

The Group is a defendant in a number of lawsuits amounting to AED 10,242 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 3,853 thousand as of 31 December 2012 is sufficient to meet the obligation that may arise from the lawsuits.

34 RISK MANAGEMENT

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, bank overdrafts, notes payable and term loans).

To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

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

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

	INCREASE/ (DECREASE) IN BASIS POINTS	EFFECT ON PROFIT FOR THE YEAR AED'000
2012		
Variable rate instruments	+100	(205)
Variable rate instruments	-100	205
2011		
Variable rate instruments	+100	(144)
Variable rate instruments	-100	144

Credit risk

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

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

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34 RISK MANAGEMENT (CONTINUED)

Trade and other receivables

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

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

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

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

Liquidity risk

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

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

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34 RISK MANAGEMENT (CONTINUED)

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

At 31 December 2012

	LESS THAN 3 MONTHS AED'000	3 TO 12 MONTHS AED'000	1-2 YEAR AED'000	2-5 YEARS AED'000	> 5 YEARS AED'000	TOTAL AED'000
Term loans	912	2,783	2,369	266	-	6,330
Notes payable	1,528	3,388	2,370	41	-	7,327
Finance lease obligations	2,455	6,763	5,658	2,334	-	17,210
Bank overdrafts	11,329	-	-	-	-	11,329
Trade and other payables	480,772	-	-	-	-	480,772
	496,996	12,934	10,397	2,641	-	522,968

At 31 December 2011

	LESS THAN 3 MONTHS AED'000	3 TO 12 MONTHS AED'000	1-2 YEAR AED'000	2-5 YEARS AED'000	> 5 YEARS AED'000	TOTAL AED'000
Term loans	178	1,215	2,127	318	-	3,838
Notes payable	1,455	2,874	1,935	93	-	6,357
Finance lease obligations	2,233	5,493	4,801	1,229	-	13,756
Bank overdrafts	19,445	-	-	-	-	19,445
Trade and other payables	431,100	-	-	-	-	431,100
	454,411	9,582	8,863	1,640	-	474,496

Currency risk

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

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

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

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34 RISK MANAGEMENT (CONTINUED)

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

	CHANGES IN CURRENCY RATE TO AED %	EFFECT ON PROFIT BEFORE TAX AED'000
2012		
EUR	+10	61
INR	+10	386
GBP	+10	2,000
EGP	+10	(744)
2011		
EUR	+10	806
INR	+10	146
GBP	+10	2,407
EGP	+10	(730)

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

Capital management

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011. Capital comprises share capital, statutory reserve, reserve arising from acquisition of non-controlling interests and retained earnings, and is measured at AED 2,051,246 thousand as at 31 December 2012 (2011: AED 1,883,315 thousand).

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

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

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

ARAMEX PJSC AND ITS SUBSIDIARIES
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35 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, receivables and other current assets. Financial liabilities consist of loans and borrowings, bank overdrafts, trade payables and other current liabilities.

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

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

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

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

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

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

36 KEY SOURCES OF ESTIMATION UNCERTAINTY

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

At the statement of financial position date, gross trade accounts receivable were AED 630,865 thousand (2011: AED 538,700 thousand) and the provision for doubtful debts was AED 47,398 thousand (2011: AED 39,029 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the income statement.

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

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36 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Fair value measurement of contingent consideration

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a derivative and, thus, a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

As part of the identification and measurement of assets and liabilities in the acquisition of Acquaship customer list, the Group identified an element of contingent consideration with a fair value of AED 2,716 thousand at the acquisition date, remeasured to AED 1,174 thousand as at the reporting date, which is classified as current and non-current liabilities.

Goodwill impairment

The impairment test is based on the “value in use” calculation. These calculations have used cash flow projections based on actual operating results and future expected performance. A discount rate of 12% has been used in discounting the cash flows projected (refer to note 5).

Provision for tax

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

End of service benefits

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the related countries. Future salary increases are based on expected future inflation rates for the respective country.

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36 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Useful lives of intangible assets with finite lives

The Group's management determines the estimated useful lives of its intangible assets with finite lives for calculating amortisation. This estimate is determined after considering the expected pattern of consumption of future economic benefits embodied in the asset. Management reviews the amortisation period and amortisation method for an intangible with a finite life at least each financial year end and future amortisation charges will be adjusted where the management believes the useful lives differ from previous estimates.

Identifiable assets and liabilities taken over on acquisition of subsidiaries

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