aramex

ANNUAL REPORT 2016

Contents

About Aramex

Since its foundation in 1982, Aramex has grown to become a world leader in comprehensive logistics and transportation solutions recognized for its customized services and innovative products for businesses and consumers. Listed on the Dubai Financial Market (DFM) and headquartered in the UAE, we are located at the crossroads between East and West, which allows us to reach more customers by providing effective logistics solutions worldwide.

Our unique, asset-light business model and our commitment to innovation underpin every strategic decision we make. This has proved highly successful, allowing us to adapt swiftly to challenging market conditions, execute last-mile delivery solutions, develop new products and services and respond quickly to changing customer preferences.

Our breadth of services, including express courier, freight, logistics, supply chain management, e-Commerce and record management, extend our considerable reach. We remain committed to further enhancing our global operations and pursuing more opportunities for business growth.

We currently have business operations in **over 567 cities** across **66 countries worldwide** and employ **over 17,000 transportation professionals.**

Factoring in the **40 alliances** we have with **leading international express and logistics providers,** our network expands to **more than 12,000 offices** and **66,000 employees across 240 countries.**

About Aramex

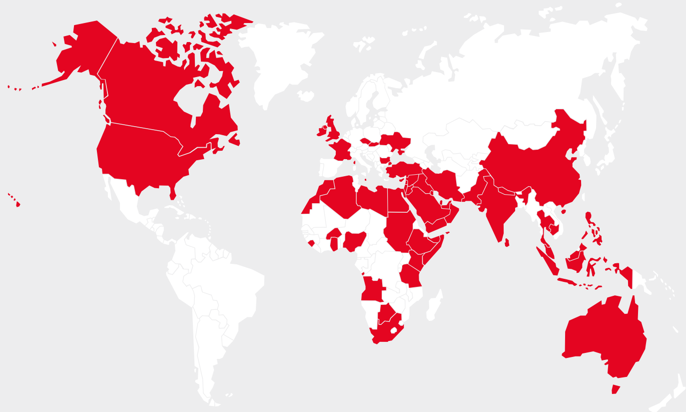
We live in an era where technology transforms and influences our daily lives more than ever before. As a result, technological innovation is critical to our success. We are strategically leveraging technology in a variety of ways, acquiring or partnering with domestic-focused logistics companies that have strong local networks, for better and more efficient last-mile delivery solutions. This approach has significant benefits, and that's why we consider ourselves a technology-driven enterprise, selling transportation and logistics solutions without owning heavy assets. We also believe that investing in technologies in the field of e-Commerce is key to moving goods and services efficiently and maintaining our market leading position.

We recognize that, in order to grow a truly sustainable business, we must utilize our core competencies to enhance a positive impact as active citizens in the communities in which we operate.

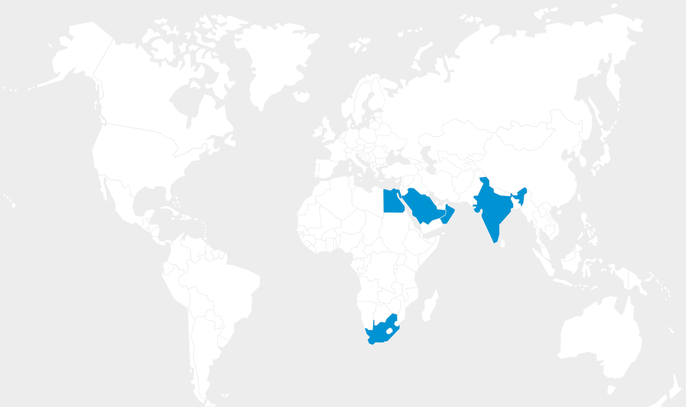
Our "Delivering Good" sustainability platform is active in over 140 educational, social and environmental projects worldwide and we have partnered with many international and local organizations dedicated to similar causes. We are proud of the close ties and partnerships we have with the communities in which we operate, as well as the contributions we help make to their sustainable economic development.

To that end, we are actively developing a culture where innovation can thrive. We will continue to invest in our people, technology and infrastructure, implementing innovative solutions to satisfy our customers' evolving needs, delivering maximum value to our stakeholders and maintaining partnerships with local communities.

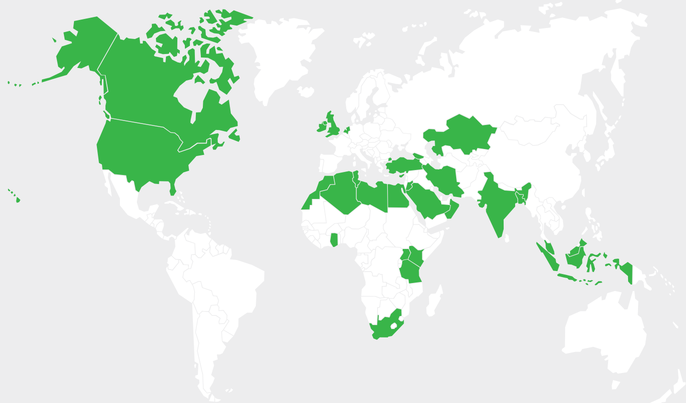
Main areas of operation



Significant areas of operation



Sustainability coverage



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Réunion
Saudi Arabia
Seychelles
Singapore
Slovakia
Sri Lanka
Sudan
Switzerland
Syria
Turkey
USA
Ukraine
Vietnam

About Sustainability and This Report

In 2016, we celebrated ten years since our first sustainability report. We have grown immensely in this decade, continually improving, innovating and strategizing our approach to sustainability within our industry and region. Our sustainability journey has always been inspired by our core values of investing in our people and empowering them, enhancing customer experience and encouraging innovation and entrepreneurship, while always opting for socially and environmentally responsible practices.

Our sustainability strategy has evolved over the past decade. It has played an integral role in pursuing a holistic approach through our business model, integrated into our operations and guided by our communities and core competencies whilst remaining aligned with a global sustainable development agenda.

We continue to see the value of social and environmental investments, compliant and ethical business practices, investing in our people and engaging with our stakeholders.

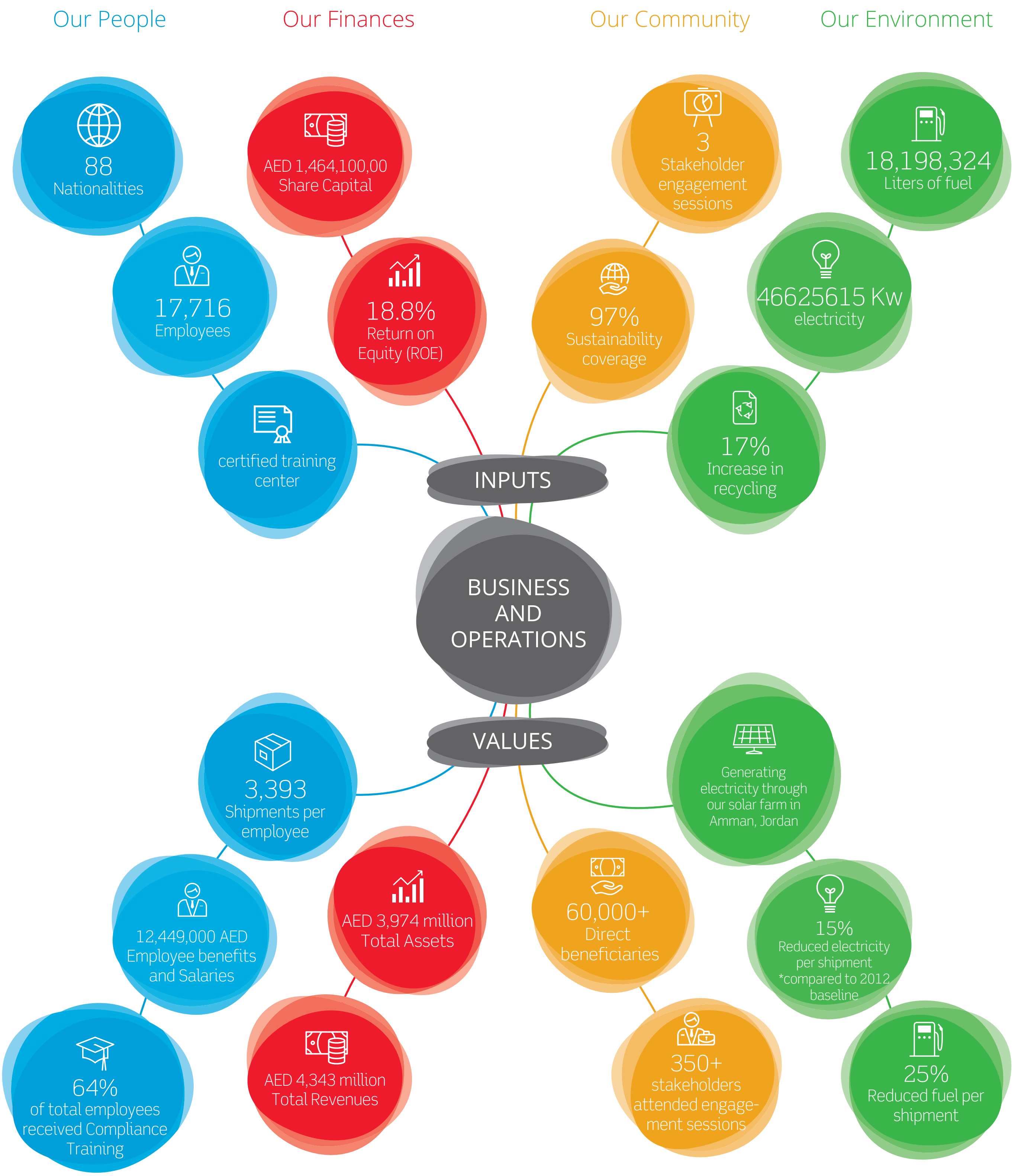
This year we also switch from the Global Reporting Initiative (GRI) G4 guidelines to GRI's Standards. We are proud to be pioneers in the transition to these Standards, which we hope will enable us to continue the conversation about our sustainability efforts in a more effective, stakeholder-focused and comprehensive manner.

The report integrates our financial and sustainability information and includes our Green House emissions for 2016, as well as communicating our progress on sustainability goals. It also complies with the regulations of the UAE and covers the ten principles of the United Nations Global Compact, as well as aspects of the Sustainable Development Goals (SDGs).

In sharing this, our 7th integrated report and 11th sustainability report, we aim to facilitate a continuous conversation with our 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.

How We Create Value



Letter from our CEO

Dear Shareholders,

2016 was a historic year for Aramex. In what was one of the most economically challenging years since the 2009 recession, we achieved a record-breaking financial performance all while further enhancing our global business operations and maintaining our position as a market leader. These successes create a strong platform from which we will execute our 2017 plans.

Global economic growth slowed to 1.7% in real terms in 2016. From the UK's decision to leave the EU, to the Presidential election in the United States, the world experienced historic political and economic turbulence. The UAE economy, however, exceeded global expectations in 2016, growing by 2.3% and predicted to grow between 2.5-3.3% from 2017-2019.

Despite global and regional economic uncertainties, Aramex's 2016 fiscal performance outperformed all expectations. We recorded AED 4,343 million in revenues, up by 16% compared to AED 3,755 million in 2015. This increase was driven by robust growth, primarily in our international and domestic express and supply chain services across key geographies. Our net profits increased by 37% to AED 426.6 million, reaching an all-time high. Our cross-border e-Commerce services in particular also registered record growth and is the strongest performing segment of our business, accounting for 25% of our annual revenues and currently growing at 30% annually.

Our 2016 results and achievements serve as proof that Aramex's asset-light strategy is working.This has always been a competitive differentiator and enables our growth, even in times of economic, social and political volatility. But, the strong financial performance was only one key element of our success in 2016. Our commitment to innovation and technology were two core areas of focus this year, and they ultimately allowed us to enhance our overall customer experience, expand our business operations and further strengthen our B2C last-mile solutions. 2016 indeed was a milestone year for innovations and new partnerships across the Aramex global network.

From a technological innovation perspective, we launched our mobile app to improve the delivery experience for customers and further streamline our delivery processes. In 2016, we also continued automating our sorting centers globally to keep pace with the increasing demand for our cross-border e-commerce solutions.

We also rolled out our Enterprise Resource Planning (ERP) platform, which will enable us to adopt industry best practices and further strengthen collaboration across key business units. We will continue to focus on adopting technological innovations to ensure we maintain our market leadership, disrupt the industry through digital-based solutions and further our transformation to a technology-based enterprise.

Leveraging strategic partnerships was another key driver of our success in 2016. To ensure sustainable growth, we have partnered with several logistics and technology focused companies around the world to extend our global reach and further enhance our business operations. We acquired Fastway Limited to further strengthen our presence in Australia and New Zealand, and also formed a joint venture with Australia Post to launch "Aramex Global Solutions," a hybrid product accessible through postal offices worldwide. Additionally, as part of Aramex's strategy to scale up through a variable business model, we invested in a number of delivery startups worldwide to optimize our last-mile delivery solutions. We also invested in a new global addressing system to reach more customers in off-the-grid locations. Partnerships will continue to be important because they give us unique opportunities to export our own technologies, import the technologies of our business partners into our operations and give more businesses and consumers access to our products and services globally.

Aside from our financial and operational excellence in 2016, Aramex also excelled in the areas that matter most – creating shared value through long-term partnerships with communities in areas that we operate as well as supporting and developing our own people.

To support Aramex's corporate activism strategy, 'Delivering Good', over the past year we continued to develop effective partnerships with communities, social entrepreneurs, governments, NGOs, and corporations worldwide.

Our strategy is in line with the United Nations' Sustainable Development Goals, focusing on increasing economic growth, access to quality education and fair employment, and taking steps to mitigate climate change and its impacts globally. We also continue to adhere to the United Nations Global Compact by communicating our progress on an annual basis.

Currently, 97% of our locations are actively engaged in sustainability initiatives and projects and identify with at least one of the three focus areas of our "Delivering Good" platform: Education and Youth Empowerment, Entrepreneurship and Environment. Through our different projects, we were able to reach over 60,000 beneficiaries. We have supported over 2,600 startups and SMEs, as they have the capacity to create jobs, improve the local economy, and empower communities.

On the Environmental front, we achieved a 25% reduction of Greenhouse Gases (GHG) per shipment compared to our 2012 baseline and increased recycling by 17%. Additionally, our warehouse in Amman has started using solar energy for the first time to reduce our overall carbon footprint and impact on the environment. We are proud of our achievements this year, and it brings me great pleasure to state confidently that we are leading the way in sustainability efforts across the region.

I am confident that our corporate culture also contributed to the resounding success we achieved in 2016. Aramex is a place where innovation and creativity are encouraged and thrive.

We understand that creating a workplace that celebrates diversity and encourages open dialogue is essential to achieving our core business goals. This culture is an important part of our company's history and tradition and helps us drive a more sustainable, and consequently more successful, business.

Our global business and brand is expanding rapidly. As we look towards 2017, emerging economies worldwide will continue to be target markets for our business expansion plans, particularly in Asia-Pacific and Africa. Our strategy paid off in Australia and New Zealand in 2016, as witnessed by our impressive financial performance, and with the Asia-Pacific now officially the largest e-commerce market in the world (at a size of $770 billion), we will continue to pursue strategic business opportunities across the region. We are also particularly excited about our joint venture with Australia Post, as it has allowed us to access global markets and open up new trade lanes for Aramex.

Though it remains unclear how the global economy will perform moving forward, we are confident we will effectively execute our strategy by leveraging technology and developing partnerships that most benefit our business and stakeholders. Aramex continues to consistently outperform the market and deliver significant value to all of its stakeholders. Our robust 2016 results have put us in a strong position to deliver on our ongoing business strategy, and as we move into the new fiscal year, we are ready to introduce a number of exciting initiatives.

Looking ahead, we will continue to focus on investing in technology to further transform Aramex into a technology-driven enterprise and lead the market by sourcing disruptive, digital-based solutions. We must stay ahead of global trends and find the most optimal ways of making the world's logistics and transportation systems as seamless and connected as possible. Efficient logistics and transportation systems are the lifeline that connects people, goods, and services globally and we will stay committed to keeping this lifeline healthy and strong.

I have always maintained that our success is built on our highly capable global team and would like to extend my thanks to all of Aramex's stakeholders who help to ensure that the business and brand takes another step forward every day. I am excited for the year ahead and would like to thank all of our shareholders for their continuous support as we move forward with our incredible journey.

I hope you share our excitement about our path for 2017 and beyond.

Hussein Hachem
Chief Executive Officer

Our Services

INTERNATIONAL EXPRESS SERVICES

As a leading global provider of comprehensive logistics and transportation solutions, Aramex provides international door-to-door shipping solutions for time-sensitive documents and packages to customers across all business sectors. We offer a range of International Express Services to suit clients' 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.

Aramex continues to focus on operational efficiencies through process automation. In addition to automation systems completed in the UK and India last year, 2016 also saw new implementations in domestic operations in India and Singapore, as well as three major initiatives scheduled for next year in the UAE and Singapore to upgrade our Domestic and International hub operations.

We have continued to expand our Express network across the globe. This year, we announced the acquisition of Fastway Couriers in Australia and New Zealand in January, and we launched Aramex Nigeria in November, expanding our local footprint in these important emerging markets. We also welcomed new franchisees in Mauritius, Madagascar, and Ethiopia.

E-Commerce business remains a major strategic focus for Aramex, and we will continue to enhance our delivery and customer service capacities as well as our network-serviced destinations across the globe. In 2016, we launched new e-Commerce lanes to better serve major African destinations, and introduced new low-cost e-Commerce solutions to the USA through postal networks. In addition, we also established a Door-to-Door e-Commerce solution to Europe, using London as a low-cost clearance gateway.

We continuously adjust our network capacities to cater for the growth of our e-Commerce business and are currently testing innovative new technologies to leverage capacity through mobile apps for shipment management, as well as introducing Locker deliveries in certain markets, starting with the UAE.

DOMESTIC EXPRESS SERVICES

Our Domestic Express service provides nationwide door-to-door delivery of urgent packages, with options including same-day or next-business-day deliveries, cash-on-delivery as well as package collection and return services.

Throughout 2016, we continued to enhance the technology and navigation tools used by our couriers. We are shifting from handheld scanners to smartphones powered by new software compatible with Android and IOS. We also allowed our customers to track their packages in real-time using the new Aramex Consumer App.

We continue to improve the address capturing experience for our customers, using both desktop and mobile mapping tools integrated with global map providers such as "Here" and "w3w (what3words)". Using these interfaces, in addition to the "My Address" platform launched in 2015, Aramex customers can pinpoint their exact location and select a delivery/pickup time when they place their service request.

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 customer's inventory leaves their suppliers or factories to the point at which 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, South & West Africa, Western Europe and Asia. Our logistics centers are powered by cutting edge technologies to ensure world-class security and constant real-time visibility.

We launched our state-of-the-art facility in Dubai Logistics City in 2016. Boasting 50,000 sqm of air-conditioned warehousing space, this new facility brings the total indoor warehousing space up to 90,000 sqm within the Aramex 250,000 sqm multi-use compound and includes a separate specialized and temperature controlled Dangerous Goods Warehouse. This new repository has been designed to meet the highest fire and building safety standards, and is equipped with the latest in firefighting, early detection and health and safety technologies. LEED-certified in line with our commitment to sustainability and environment, the warehouse will serve our Oil & Gas customers, as well as other new sectors that require such infrastructure and specifications.

Technology has always been a key enabler in delivering service excellence, and we have started work on upgrading our Warehouse Management System in Dubai. Benefiting from new and advanced features, this improved system will help us meet the diverse needs of our wide variety of customers and operations.

FREIGHT FORWARDING

Our freight services comprise air, land and sea transportation, providing cost-effective delivery for heavier and special-handling shipments. Aramex Freight services range from port-to-port shipping to full door-to-door delivery - and cater for all kinds of commodities, from general cargo to time-critical and temperature-controlled shipments. Furthermore, Aramex offers customs clearance, advanced online tracking, third-party shipping, regional distribution, chartered aircraft or vessel services and exhibition handling.

2016 was a year of change in Aramex Freight. In addition to the traditional products that Aramex have always offered - from Air Freight to Land Freight and Ocean Freight - there has been significant focus on creating new products and services to cater for the demands of the global markets in which we operate and serve.

aramexbio

Some of the key changes that took place in 2016 were:

- Launched in 2015, Aramex Bio was upgraded and a separate vertical was created for it under the new title "Aramex HealthCare Solutions". A dedicated team manages this vertical at the Corporate Office – this team has been tasked with implementing the new service across the various Aramex global locations.
- We have also launched "Aramex Beverages", a dedicated product catering for liquid shipments sent as non-conventional cargoes.
- We further strengthened other products launched in 2015, such as Aircraft On Ground (AOG) and the Envoy (On Board Courier), expanding them into new territories.
- On the technology front, we designed and will soon be launching our one-of-a-kind quotation application. This will allow clients to enjoy quick and user-friendly responses to all of their freight inquiries.

INFORMATION MANAGEMENT SOLUTIONS (INFOFORT)

Established in 1997, InfoFort is a wholly-owned Aramex subsidiary - and the leading secure records and information management solutions provider in the Middle East, Africa and Asia. InfoFort provides complete digital transformation solutions that span the full information management lifecycle. These services include secure storage and management of records; scanning and data capture; enterprise content management systems and workflow process automation solutions; business intelligence and visualization; cloud backup and media tape management; secure shredding and data destruction; fixed asset management and consultancy.

InfoFort
Secure Information Management Solutions

InfoFort's comprehensive information management solutions help industries modernize, digitize, automate and transform, while it also secures and protects clients' data, helping them to meet their governance and compliance regulation and business continuity needs.

InfoFort provides a complete transformative solution that allows customers to move from paper to digital content management; structure their information; capture, process and validate data; automate customized workflows; and deploy electronic and digital signatures using smart and secure mobile technologies for easier accessibility, compliance, and business continuity.

InfoFort has launched new Business Intelligence and Visualization solutions that enable customers to connect, interact with and analyze data, allowing end users to make critical business decisions by automatically identifying relationships through intuitive dashboards and reports. These solutions will help organizations develop a robustly information-centric culture with the ability to recognize, manage and exploit their information assets, ultimately enabling them to outpace the competition.

By leveraging its advanced technologies to increase the speed of adoption of digitization and automation, InfoFort was recognized in 2016 as a "Cool Vendor in Emerging Markets", according to Gartner, the world's leading information technology research and advisory company.

InfoFort also continued its franchising and licensing program to include Zambia, Tanzania and Tunisia, in addition to four existing partner countries: Nigeria, Lebanon, Pakistan and Bangladesh.

SHOP AND SHIP

Shop & Ship (S&S) is a leading international online shipping solution that was created by Aramex in 2000 to make global online shopping more convenient and accessible to consumers from all over the world. Once registered to the service, members receive 18 physical addresses in the US, UK, China, Turkey, UAE, India, South Africa, Hong Kong, Germany, Italy, Spain, France, Singapore, Canada, Malaysia, Thailand, South Korea and Japan. Shop & Ship then delivers global online shopping efficiently and hassle free. The service is currently available in over 80 cities.

Shop & Ship continued its global expansion in 2016 by launching multiple shipping origins and destinations to further cement the brand's position as a 'global shopping' enabler. It expanded its presence into major points of origin such as Thailand, South Korea and Japan. Moreover, the service was also made available in several new destinations.

2016 was the year of partnerships for Shop & Ship. It signed a number of strategic partnership agreements with leading global brands to provide customers and members more innovative shopping and delivery solutions, as well as connecting more e-shoppers to global e-tailers. These partnerships include PayPal, AMEX, VISA Checkout, Access Bank, Zenith Bank, FNB, RAK Bank, INVESTBANK Jordan, Careem and UBER.

In terms of sponsorship, Shop & Shop collaborated once again with "Red Bull Car Park Drift", providing unparalleled support to the organizer and all drifters. Starting from Qatar and the UAE, the competition was held across several countries in the MENA region, passing through Kuwait, Egypt, Mauritius, Lebanon, Tunisia, Morocco, Jordan, Oman, Bahrain and Pakistan.

OUR SUPPLY CHAIN

Aramex's asset-light business model relies heavily on our supply chain of international and local partners. With one of the largest logistics and transportation networks in the world, our widespread network consists of national and international airlines, operating locally or in multiple countries, as well as several sea lines. Moreover, regionally we deal with land freight operators and continue to empower local economies and local suppliers.

Through our extensive freight forwarding network and comprehensive transportation solutions, we aim to include both local and global suppliers in our supply chain, offering door-to-door delivery from single or multiple suppliers into the warehouse with smooth, delay-free customs clearance. However, being a local entity in the areas in which we operate, we endeavor to source locally wherever available and possible. Therefore, the majority of our spending is on local suppliers. At Aramex, we make every effort to engage with our suppliers – through all available channels, and on a regular basis as required.

Strategic Direction

We aim to strengthen our position as "the disruptive leader in the global logistics and transportation industry" by continuously innovating solutions to meet our customers' evolving needs, expanding our worldwide network and serving our communities.

We also aim to accelerate our growth through innovative partnerships that make clear strategic sense, have great synergies with our asset-light business model and meet our defined criteria. We endeavor to integrate sustainable development into everything we do - this is the foundation of our management approach and strategic direction.

To achieve this, maintain our market leading position and better serve our customers, we continue to invest in the latest technologies. This is both in general, as well as in the field of cross-boarded e-Commerce in particular, as we believe this is key to the swifter and more efficient movement of goods and services globally. By implementing technologies to improve our tracking systems, we can reach more off-the-grid consumers, deliver packages faster and reduce the likelihood of error or delays, thereby improving our overall customer experience.

We also invest in our people and infrastructure, continuing to implement innovative solutions to meet our customers' needs while delivering maximum value to our shareholders and maintaining partnerships with local communities.

ARAMEX STRATEGIC DIRECTION

GROWTH

We remain committed to enhancing and expanding our operations globally and pursuing further growth opportunities.

Aramex's expansion plans are focused on widening its global footprint and strengthening connections between hubs and different markets, as well as capitalizing on untapped potential for e-business in emerging markets and strengthening trade between growth markets in Asia and Africa.

Being a local entity in the areas in which we operate creates local job opportunities and enables us to help address some of the challenges faced by the local communities.

NEW MARKETS, ACQUISITIONS, AND FRANCHISING

We see tremendous value in expanding our global network. Therefore, we acquire or partner with domestic-focused logistics companies that have strong local networks, knowledge and transportation solutions already in place for efficient and effective last-mile delivery. We also partner with logistics and technology focused companies around the world to extend our global reach and further enhance our business operations.

We follow a variable business model that allows us to scale up through investing in delivery startups worldwide to optimize our last-mile delivery solutions.

Partnerships will continue to be important because they give us unique opportunities to export our own technologies, import the technologies of our business partners into our operations and give more businesses and consumers access to our products and services globally.

SUSTAINABIITY

We are steadfast in our commitments to our communities and the environment. As part of that, we are investing in renewable energy, alternative fuels and electric vehicles in order to curb our environmental footprint. Furthermore, we will continue to expand our scholarship fund for youth in our countries of operations, as well as expanding our support to startups and entrepreneurs.

We believe that responsible, sustainable practices will not only benefit our business growth but will also facilitate social and economic development for our stakeholders around the world.

INNOVATION

Innovation in technology is critical to maintaining our asset-light business model and leveraging our global network. E-Commerce development also remains a key strategic goal for us, and we continue to view our partnerships with e-Tailers as a vital element in our future growth. We have been investing heavily in our e-Commerce platform to support the growth of online trading across our core markets, taking advantage of the significant opportunities in growth markets.

Looking ahead, we will continue to focus on investing in technology to further transform the business into a technology-driven enterprise and lead the market by sourcing disruptive, digital-based solutions. Moreover, we will continue to introduce new technologies to further enhance our last-mile delivery solutions.

You will find considerable information on our progress in our Sustainability section, on page 38.

Key Non-Financial Goals

Our People	• Continue the roll-out of our Success Factor HR system to the entire network • Expand our newly launched Shared Services Center • Enhance our performance management systems • Develop a plan of action to respond to employee engagement survey results and feedback
Our Customers	• Optimize services to ensure timely deliveries • Continue to invest in technology for service delivery • Expand customer service resources
Our Supply Chain	• Increase startup and SME support and continue to source from local suppliers and SMEs across our network • Continue updating and strengthening our supplier management process and pre-qualification process, which includes questions on Human and Labor Rights, Environmental Compliance and well as general compliance with international and local laws and regulations. We are also working to evaluate current suppliers on those aspects.
Our Community	• Increase number of beneficiaries by 5% compared to the 2016 target
Our Environment	• Reduce Carbon emissions by 20% by 2020 and an additional 20% from our own operations by 2020

Governance

Our Governance practices ensure that we have a transparent and effective operational and business structure. This structure guarantees that the responsibilities and rights of employees within Aramex are communicated, maintained and controlled. This allows for smooth and transparent corporate operations, ensuring accountability and keeping stakeholders' rights intact.

The current Aramex Board of Directors consists of the following members:

- Mr. Abdullah M. Mazrui, Chairman
- Mr. Fadi Ghandour, Founder and Vice Chairman
- Mr. Hussein Hachem, Chief Executive Officer and Director
- Mr. Helal Al-Marri, Director
- Mr. Ahmed Al-Badi, Director
- Mr. Ahmed Fahour, Director (representing Australia Post Transaction Services)
- Mr. Mohamed Al Suwaidi, Director
- Mr. Ayed Aljeaid, Director
- Mr. Mana Al-Mulla, 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. Five of the Board members (56%), including its Chairman, are independent non-executive directors, two members are non-independent non-executive directors and one member is a management representative: Hussein Hachem, CEO of Aramex.

COMPOSITION OF THE HIGHEST GOVERNANCE BODY

Member	Position	Independance	Non-Execs	Gender	Age	Tenure	Nationalities	Other Commitments
Mr. Abdullah M. Mazrui	Chairman	Independent	Non-Executive	Male	63	Since Inception	Emirati	Chairman *(2 Company boards)* Director *(4 Company boards)* Director *(1 Initiative board)*
Mr. Fadi Ghandour	Founder and Vice Chairman	Non-Independent	Non-Executive	Male	56	2005	Jordanian	Executive Chairman *(1 Company board)*
Mr. Hussein Hachem	Chief Executive Officer and Director	Non-Independent	Executive	Male	46	2011	Canadian	None
Mr. Helal Al-Marri	Director	Independent	Non-Executive	Male	39	Since Inception	Emirati	Director General *(1 Department)* CEO *(1 Company)* Director *(2 Company boards)*
Mr. Ahmed Al-Badi	Director	Independent	Non-Executive	Male	59	Since Inception	Emirati	Director *(3 Company boards)*
Australia Post Transaction Services, represented by Mr. Ahmed Fahour	Director	Non - Independent	Non-Executive	Male	50	2016	Australian	None
Mr. Mohamed Al Suwaidi	Director	Independent	Non-Executive	Male	35	2016	Emirati	Executive (1 Company) Director (4 Company boards)
Mr. Ayed Aljeaid	Director	Non-Independent	Non-Executive	Male	59	Since Inception	Saudi	None
Mr. Mana Al-Mulla	Director	Independent	Non-Executive	Male	39	2010	Emirati	Chairman *(2 Company board)* Executive *(1 Company)*

Our Board selection process involves nominations by shareholders and other Board members, and strictly adheres to the Board's Charter and Corporate Governance Guidelines. The process also ensures that all candidates are highly-qualified individuals who possess the necessary knowledge and expertise of material matters pertinent to the company and its operations. In the event that potential conflicts of interest arise, they are self-declared by the members of the Board, who are then excused from related discussions. The Chairman and members are also entitled to identify potential conflicts of interest involving other members.

The Aramex governance guidelines were structured in accordance with The Chairman of Authority's Board of Directors' Resolution No. (7 R.M) of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies to assist the Board and its committees in the exercise of their responsibilities. Our structure includes the Nomination and Remuneration Committee, the Audit Committee and Strategy Committee.

BOARD OF DIRECTORS SELECTION PROCESS

Board of Directors

- The General Assembly should elect members of the Board of Directors by secret ballot. The majority of the members of the Board of Directors must be UAE nationals or, if approved by the Securities and Commodities Authority, holders of a Gulf Corporation Council nationality, and must not be convicted of a crime of honor unless the competent authorities have pardoned him/her.
- The Board of Directors elects from amongst its members a Chairman and a Vice Chairman who will act on behalf of the Chairman in his absence. The Chairman must be a UAE national.
- At least one third of the Directors shall be Independent Directors, while the majority of Directors shall be Non-Executive Directors who shall have experience and technical skills to the best interest of the company.
- In all cases, elected Non-Executive Directors shall be able to dedicate enough time and attention to the Board - their directorship of the Board of Directors must not conflict with any of their other interests.
- The position of Chairman of the Board of Directors and the Company's Chief Executive Officer may not be held by the same person.
- The Board is responsible for reviewing the requisite skills and characteristics of new Board members, as well as the composition of the Board as a whole. This assessment will include members' qualification, as well as consideration of diversity, age, skills, and experience in the context of the needs of the Board.

Below is a description of the desirable characteristics that the Board should evaluate when considering candidates for nomination as Directors. The Board will review such characteristics at least annually and perform any appropriate changes thereto.

Personal Characteristics

- Integrity and Accountability: High ethical standards, integrity and strength of character in his or her personal and professional dealings, and a willingness to act on and be accountable for his or her decisions.
- Informed Judgment: Demonstrate intelligence, wisdom and thoughtfulness in decision-making. Demonstrate a willingness to thoroughly discuss issues, ask questions, express reservations and voice dissent.
- Financial Literacy: Ability to read and understand balance sheets, income and cash flow statements. Ability to understand financial ratios and other indices for evaluating Company performance.
- Mature Confidence: Assertive, responsible and supportive in dealing with others. Respect for others, openness to others' opinions and the willingness to listen.
- High Standards: History of achievements that reflect high standards for himself or herself and others.

Core Competencies:

- **Accounting and Finance:** Experience in financial accounting and corporate finance, especially with respect to trends in debt and equity markets. Familiarity with internal financial controls.
- **Business Judgment:** : Record of making good business decisions and evidence that duties as a Director will be discharged in good faith and in a manner that is in the best interests of the company.
- **Management:** Experience in corporate management. Understanding of management trends in general and in the areas in which the company conducts its business.
- **Crisis Response:** Ability and time to perform during periods of both short-term and prolonged crisis.
- **Industry/Technology:** Unique experience and skills in an area in which the company conducts its business - including science, manufacturing and technology relevant to the company.
- **International Markets:** Experience of global markets, international issues and foreign business practices.
- **Leadership:** Understand and possess the skills to motivate high- performing, talented managers - and demonstrate a history of so doing.
- **Strategy and Vision:** Skills and capacity to provide strategic insight and direction by encouraging innovation, conceptualizing key trends, evaluating strategic decisions and challenging the company to sharpen its vision.

Team and Company Considerations:

- **Balancing the Board:** Contribute talent, skills and experience that the Board needs as a team to supplement existing resources and provide talent for future needs.
- **Diversity:** Contribute to the Board in a way that can enhance perspective and experience through diversity in gender, ethnic background, geographic origin, and professional experience (public, private, and non-profit sectors). Nomination of a candidate should not be based solely on these factors.

Commitment to the Company:

- **Time and Effort:** Willing to commit the time and energy necessary to satisfy the requirements of Board and Board Committee membership. Expected to attend and participate in all Board meetings and Board Committee meetings of which they are a member. Encouraged to attend all annual meetings of shareholders. A willingness to rigorously prepare prior to each meeting and actively participate in the meeting. Willingness to make himself or herself available to management upon request to provide advice and counsel.
- **Awareness and Ongoing Education:** Possess, or be willing to develop, a broad knowledge of both critical issues affecting the company (including industry–, technology– and market–specific information), and the Director's role and responsibilities (including the general legal principles that guide Board members).

Board Committees:

- **The Board has established the following standing committees:** the Strategy Committee, the Audit Committee and the Nomination and Remuneration Committee. The Board may, from time to time, establish additional committees as necessary or appropriate.
- **Committee members are appointed by the Board.** Consideration should be given to rotating committee members periodically, although this is not mandatory.
- **Each committee has its own charter;** these charter sets forth the purposes, goals and responsibilities of the committees as well as committee structure, operations and reporting to the Board.
- **Committees** are formed of not less than three Non-Executive Directors, at least two of which are Independent Directors, including one as Committee Chairman. The Chairman of the Board of Directors may not be a member of these committees.

In order to avoid conflict of interest within the Board, the following is done:

- Director tasks shall include ensuring that priority is given to the company's and shareholders' interests in cases of conflict of interest.

- Any Board member having an interest in conflict with that of the company, in respect of certain transactions presented to the Board for consideration and approval, shall have to report it to the Board. Such report must be documented in the meeting minutes, whereby the Director concerned is excluded from participating in voting on the decision in question and their exclusion is to be explicitly documented in the meeting minutes.

- In all cases, elected Non-Executive Directors shall be able to dedicate enough time and attention to the Board - their directorship of the Board of Directors must not conflict with any of their other interests.

- Directors must notify the Chairman or the Board Secretary in a timely fashion before accepting an invitation to serve on the Board of another company. This prior notice is to allow discussion with the Chairman and / or the Board Secretary to review whether such other service will interfere with the Director's service on the company's Board, or create an actual or apparent conflict of interest for the Director.

- Any matters related to conflict of interest and / or related party are documented and reported in the Annual Corporate Governance Report which is published on the company's website. This report is also reviewed by SCA (Securities and Commodities Authority of Dubai Financial Market) and published on their website.

- The Board meets at least four times a year in accordance with the Corporate Governance Code of the Securities and Commodities Authority (SCA) and the Commercial Companies Law, and shareholders are entitled to raise issues with the Board during the Annual General Meeting. Three standing committees – the Audit Committee, the Nomination and Remuneration Committee and the Strategy Committee – have their own charters that stipulate their responsibilities and tasks.

- The Nomination and Remuneration Committee meets at least once a year. This is in compliance with the corporate governance code of the Securities and Commodities Authority (SCA).The Committee assists the Board in fulfilling their supervisory responsibilities for the independence of Board Members and in monitoring the integrity of human resources processes at Aramex. The Committee also monitors policies relating to remunerations, benefits, incentives and bonus salaries to the board members and employees - and ensures that remunerations and privileges granted to the executive management are rational and proportionate with the performance of the Company. Additionally, the Committee determines the required core competencies at executive management level and the corresponding selection criteria.

The Board of Directors will:

- Review, evaluate and approve, on a regular basis, long-term plans for the company.
- Review, evaluate and approve the company's budget and forecasts.
- Review, evaluate and approve major resource allocations and capital investments in accordance with the company's Delegation of Authority Matrix.
- Review the financial and operating results of the company.
- Director tasks shall include: to participate in the meetings of the board of directors and to provide independent opinion on strategic matters, policy, performance, accountability, resources, basic appointments and activity criteria.
- The company shall work on implementing an environmental and social policy to benefit the local community.

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

Furthermore, Aramex continues to engage with top management and the Board of Directors on our sustainability strategy and related activities. Senior management members, along with the Chief Sustainability Officer and dedicated sustainability team, continue to plan and manage partnerships with the public and private sectors and the community in order to expand and improve Aramex's sustainability activities, impact and reach. Moreover, active stakeholder engagement through consultations and ongoing meetings ensures that our activities are in line with our stakeholders' needs.

The Board sets the strategy for risk management and due diligence procedures related to economic, environmental and social impacts. These strategies are then delegated to the team for implementation. Through periodic updates from the CSO, internal audit and compliance team, the Board reviews the sustainability strategy and recommends amendments or changes where needed. Moreover, Aramex Executive management reviews and approves the annual sustainability report. Since 2013, we have initiated the structuring of a risk management function with major focus on compliance risk; in addition, the company is able to rely on risk assessments prepared by the internal audit function.

Precautionary Principle:

Controls are defined and built into a process, product or system from the outset, and are designed to ensure that risk mitigation is carried out effectively.

Most controls are designed to prevent the risk event actually occurring.

Alternatively, controls may be designed to identify and highlight that a risk event has occurred, or to help limit the severity of its impact.

During a risk assessment, the effectiveness of individual controls and groups of existing controls is evaluated. This helps form the assessment of the likelihood of a risk event occurring as well as its impact(s), should it occur.

Where action is deemed necessary (i.e. to avoid, reduce or transfer/share the risk), an appropriate action plan is established.

This action plan documents the assignment of specific actions to individuals, with agreed target dates for completion.

Action plan progress is monitored centrally and the status of pending and completed actions is reported regularly to senior management.

Completion of an action should lead to a re-assessment of a risk (although, in the case of the introduction of new controls, it may be necessary to allow a period of time for sufficient evidence to be compiled on the effectiveness of those new controls).

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 to 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 ending in December 31, 2016, the company's shareholders approved the Board's recommendation that directors would receive 3,630,000 AED in total. In order to automatically succeed in placing an item on the Board's agenda, a shareholder must possess a holding of at least 10% of the company's shares.

Aramex is listed on the Dubai Financial Market (DFM), and complies with the Securities and Commodities Authority's (SCA) Corporate Governance Regulations. Furthermore, building on our commitment to transparency, we have produced a governance report in compliance with the SCA, which is available upon request.

As a member of the transportation and logistics community, Aramex complies with all necessary regulations related to the industry. These include stipulations set out by local and international regulators covering the handling of hazardous material, and the 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.

We incorporated ethical business training into our induction program for the first time in 2011, and have continued to provide further training to every employee in the company. We view our training regime as an ongoing, continuous process, and intend to increase the frequency of our programs for existing employees.

During 2016 Aramex did **not face** any **anti-competition** or **anti-trust** legal actions.

- The internal audit function devises a three-year internal audit plan to cover the network as a whole based on a risk assessment that is approved by the Audit Committee. The audits range from financial to operational, information technology, physical security and other areas that prove to have identified inherent risk. Although not responsible for the detection of fraud, the internal audit function is sensitive towards lack of segregation of duties and other fraud indicators through the aforementioned assurance engagements.

- Aramex policy dictates that the company shall not accept any funds from governments or political parties, and no such funds were received during 2016; neither did the company lend its support to any political party or movement.

- The internal audit function is responsible for reporting critical concerns to the Audit Committee of the Board through quarterly reporting. In 2015, all critical and major issues were reported to the Audit Committee, and were adequately covered by management action plans for their prompt and effective resolution.

- The Audit Committee of the Board will report the activities and findings of the internal audit function to the Board of Directors.

- The internal audit is an independent, objective assurance and consulting activity designed to add value and improve Aramex's operations. It helps Aramex to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of Aramex's governance, risk management and internal controls process, as well as the quality of performance in carrying out assigned responsibilities to achieve Aramex's stated goals and objectives.

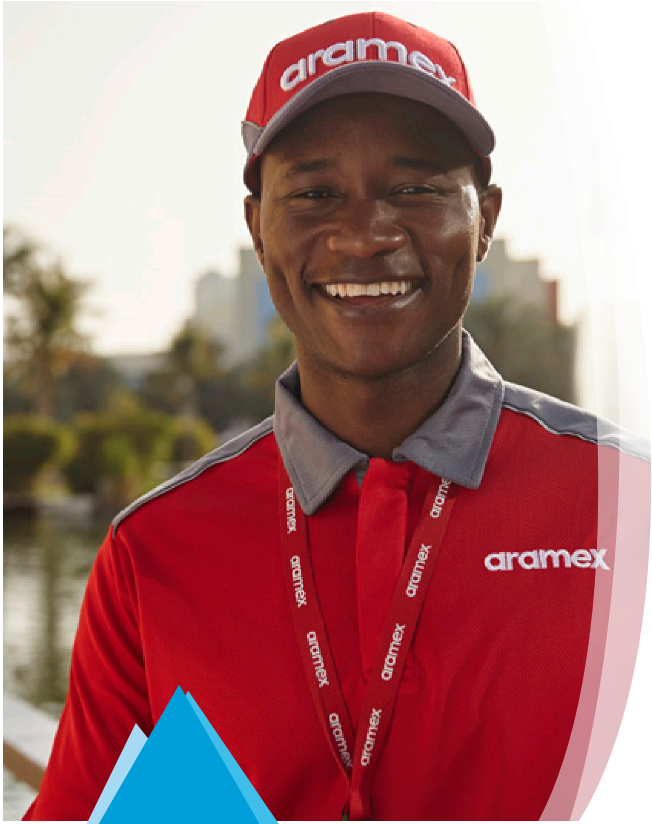
- The internal audit function continuously follows up with management with regards to the implementation of the agreed- upon action plans to resolve the findings, issues and concerns of the internal audit.

- The internal audit function reports on a quarterly basis on the status of management's action plan implementation.

Our People

EMPOWERING PEOPLE

People are at the heart of Aramex. We seek to empower them through ensuring global connectivity and strengthening trade links by way of the support we provide to our clients in bringing their goods and products to markets.



Our growth and success are driven by the knowledge, expertise and contributions of our people. Therefore we believe in empowering our workforce, ensuring diversity, equality and providing a safe working environment within Aramex. Our HR policies and practices are reflective of this, providing a horizontal leadership model, training and career growth opportunities and an inclusive work environment.

ATTRACTING AND RETAINING TALENTS

Our success is closely tied to that of our people. Therefore, our recruitment structure helps attract and maintain the best talent, while also reducing recruitment-related costs. We aim to recruit and retain talented and skilled employees who represent a wide array of diverse ages, nationalities and cultural, academic and professional backgrounds.

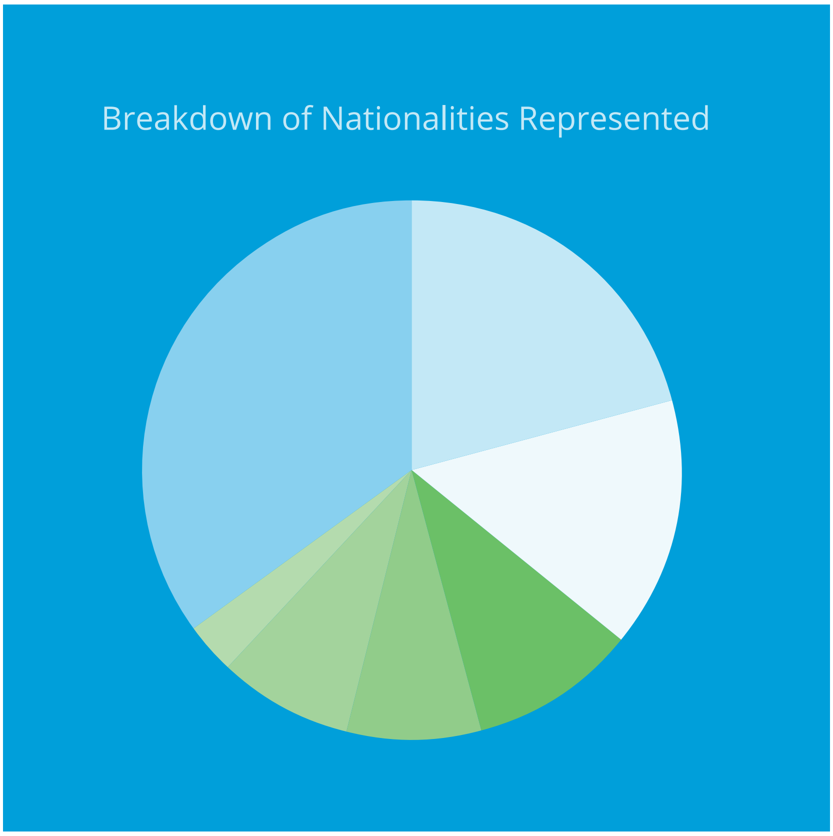
Our recruitment process is based on meritocracy, qualifications and ongoing assessment, as well as an inclusive interview process. In cases where we use recruitment agencies, we ensure that their selection criteria are based on the candidate's qualifications and experience. Such policies are implemented across different managerial and departmental levels throughout the organization.

Furthermore, we make sure that we grow the management team from within. Investing in fresh graduates, we train and empower them so that they are able to attain positions of leadership within the company.

1.5%
INCREASE

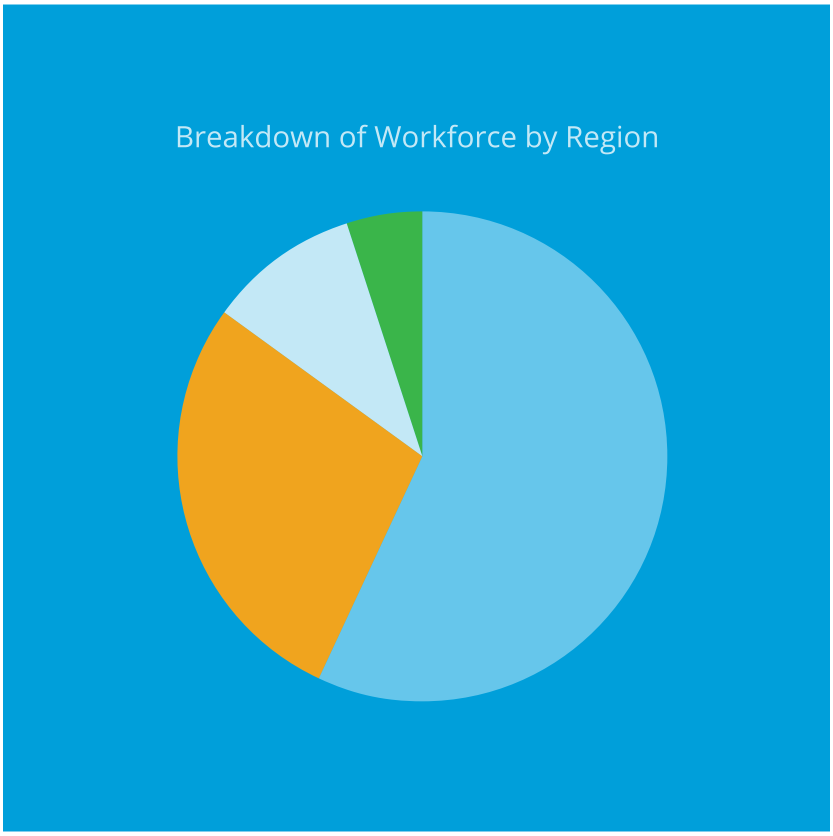
We are continually growing. In **2016** our workforce increased by **1.5%** to reach **14,275***
employees representing **88** nationalities.

* Excludes indirect employees



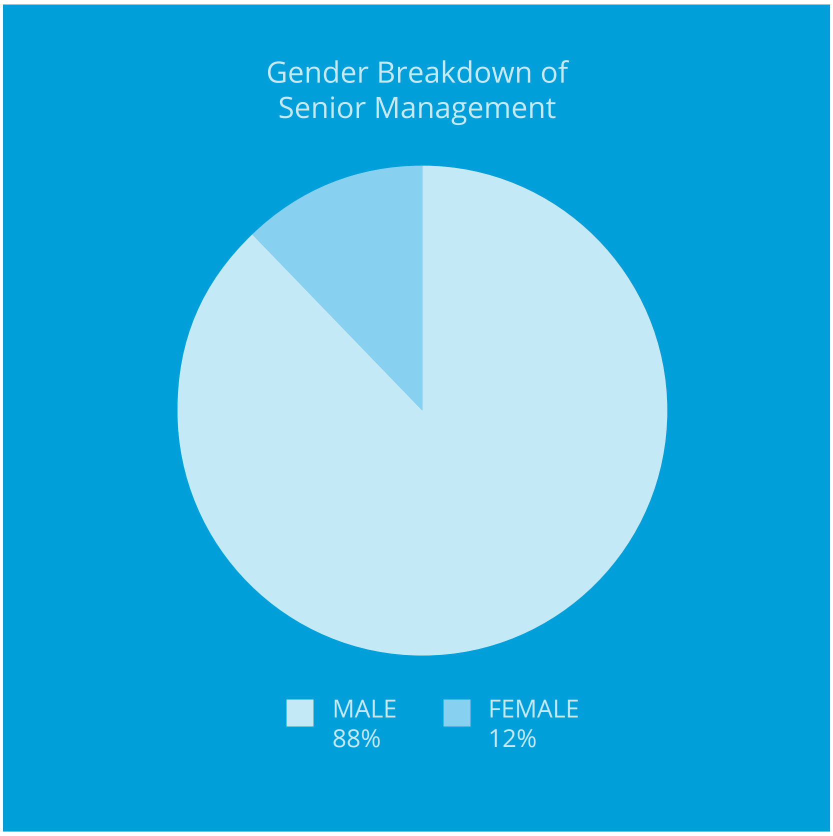
BREAKDOWN OF NATIONALITIES REPRESENTED

- India
- Egypt
- Jordan
- Pakistan
- South Africa
- Philippines
- Other

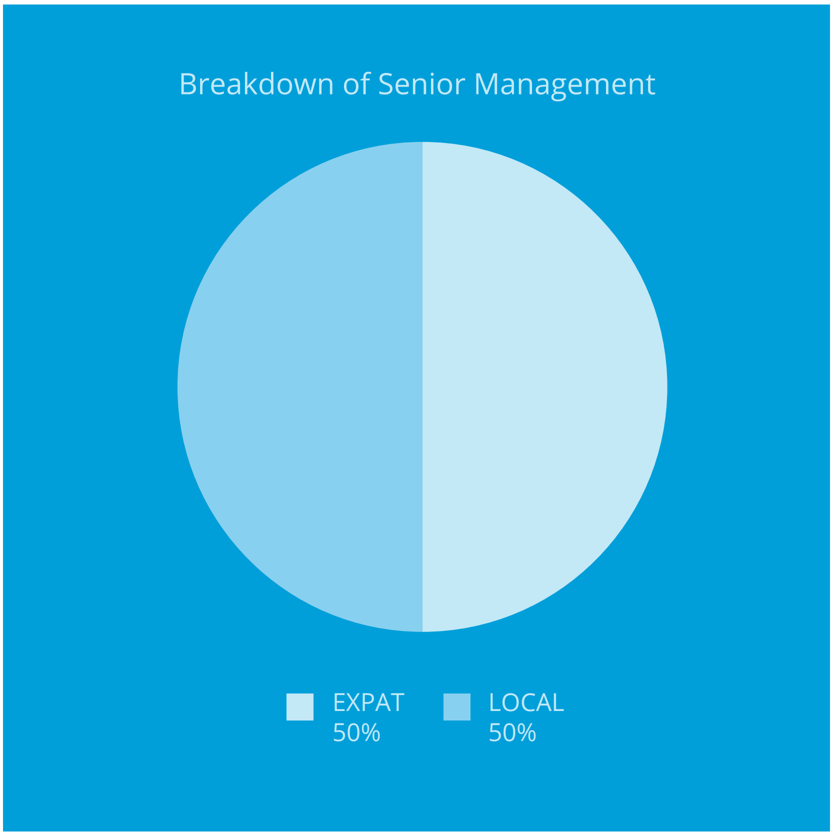


BREAKDOWN OF WORKFORCE REPRESENTED BY REGION

- GCC & Levant
- Africa
- Far East, Asia, India & Australia
- Europe & North America



In 2016, the percentage of **women** in our senior management **grew by 1%**.



Aramex employs **50% local and 50% expat** senior management in our global corporate operations.

COMPENSATION AND BENEFITS

We strive to offer our employees competitive remuneration, matching or exceeding local and industry standards based on skills and experience. Moreover, our policies ensure that equal remuneration is given for equal work .[2]

In 2016, our spending on employee remuneration and benefits was 319,808,699 AED.

Furthermore, we closely abide by local labor and social security laws, which govern employee retirement benefits, disability and individuality coverage. We guarantee health insurance coverage for our employees in the majority of our locations. We also guarantee paid maternity leave for our female employees, alongside other benefits such as flexible working hours, extended unpaid leave and nursing hours to support and encourage return to work, according to local labor laws.

100% of mothers returned to work, accumulating **10,547 days of maternity leave in 2016**

EMPOWERING OUR PEOPLE

At Aramex, we utilize a decentralized and horizontal leadership model which, along with our continual on-the-job training, ensures that all of our employees are empowered and able to make the decisions needed to enhance our services and operations on the front line.

We ensure that there is a collective and flat decision-making process throughout our operations. In cases of significant operational changes, we set a meeting with all concerned stakeholders to engage them in the decision-making process, setting an appropriate timeline and planning for these changes.

Ratio of remuneration of men and women is **1:1**

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. This system is extended to all of our employees and suppliers.

As mandated by our HR policy, 100% of our employees receive a comprehensive annual performance evaluation, during which their performance is evaluated, key strengths and challenges are identified and, according to the evaluation, an inclusive training plan set for the coming year.

We facilitate open and active communication between all of our employees through several channels, including team meetings, internal intranet and instant messaging systems. We began utilizing Facebook's platform Workplace (previously known as Facebook@Work) to share updates and information across global or country specific groups.

Furthermore, our HR Shared Services Center, which was launched in December 2016, allows for simplified HR service delivery, ensuring smoother and more transparent transactions.

* For more details refer to appendix, page 109

CONTINUED LEARNING AT ARAMEX

Aramex recognizes the importance of offering employees ongoing learning opportunities through a variety of training methods. These are designed to improve the technical and soft skills necessary for all of our employees' job roles and responsibilities.

Aramex has continued to invest in its people's skills and development at all levels. During 2016, we ensured that new recruits went through a structured onboarding program, designed to help employees understand the company's purpose, mission and values, thereby enabling a smooth transition into the Aramex workplace.

In 2016 , 134,000+ hours of training were conducted within Aramex

TRAINING GROUND COURIERS ON THE E-COURIER APP

In its mission to provide Ground Couriers with the necessary knowledge to run the new e-Courier app efficiently, Aramex rolled out a global training program on the new app, using tailored training materials. Ground Couriers are now equipped with a mobile app that seamlessly brings them closer together with their clients. Learners from the whole network went through training sessions to master the new app and to test its different features. The app automates the distribution of tasks, offering the user the option of optimizing the route and enabling them to communicate directly with customers.

INTRODUCING A NEW APPROACH TO LEARNING:

In 2016, Aramex redefined the role of its Corporate University and introduced a new approach to learning. This marks a shift from the old approach, whereby employees had to go through pre-set courses and webinars, following a rigid individual development plan which was set on an annual basis.

This new approach to building an annual training plan consists of two main categories:

1. **Mandatory courses:** which include topics related to regulatory and compliance training, in addition to courses mandated by local laws.

2. **Employee Development Courses:** which include Management & Leadership Training, Customer Service Training and a list of numerous soft skills topics from which employees can select and learn.

Learning and Development initiatives aimed to continue the facilitation of knowledge-sharing, improving employee engagement and creating a culture of learning. Alongside its instructor-led internal training sessions in both real and virtual classrooms, Aramex introduced a new learning ecosystem, which includes eLearning modules, quizzes and videos. We also created an eLearning Center, which hosts one of the best external content providers, offering employees thousands of courses that enable learners to develop themselves on a self-driven basis.

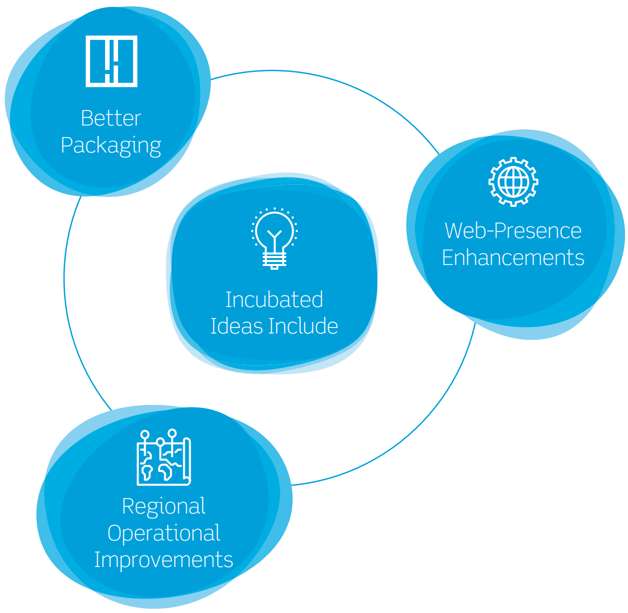
With this new approach to learning and development, Aramex is building a future environment of on-demand learning resources, involving many different delivery platforms to cater for various operations' needs around the globe.

ARAMEX INNOVATION CENTER (REDLAB)

Red Lab, The Aramex Innovation Center, continues to support our intrapreneurs by providing a platform, resources and support for innovation within Aramex. Launched in 2014 with the aim of leveraging our collective resources to bring new ideas to life, Red Lab is our first on-the-ground innovation program. Red Lab provides ideas, which are submitted through Idea Scale, with an innovation management platform, as well as resources for incubation, mentorship and testing. Once an employee's idea graduates from Red Lab and passes testing, it goes into development with the related business function.

1. 120 Ideas submitted to IdeaScale.
2. Aramex It Forward launched
3. Incubated ideas include better packaging, regional operational improvements and web-presence enhancements
4. One Open innovation challenge: Cold chain challenge in partnership with Arab Innovation Network and customer solutions.

redlab
aramex Innovation Center



OUR WORK ENVIRONMENT

One of our top priorities is to provide a safe working environment for our employees and to ensure that no human or labor rights violations are taking place on our premises or across our supply chain. Our HR 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). All of our security personnel have received special training on Aramex policies and procedures, including those related to human and labor rights.

We have a reporting structure for all grievances and a grievance committee in each office, allowing us to follow up on any reports related to human or labor rights (more on our whistleblowing system page 95).

No incidents or cases of discrimination, harassment or human rights or labor violations were reported across our network in 2016.

We run periodic audits of Aramex facilities according to Social Accountability International (SA8000) guidelines to ensure that all of 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.

HEALTH AND SAFETY

We believe that a strong health and safety culture is an essential part of our vision and strategy for the future. Improvements in health and safety improve quality and productivity, as well as having a positive effect on employee morale.

Our Corporate Health, Safety and Environment (HSE) management system is supported by policies and procedures which serve as a framework for managing HSE matters at our facilities. With the global environment rapidly changing, we regularly review our policies and procedures to ensure that they are up to date.

Aramex has succeeded in maintaining Security and Safety standards for 2016 and no non-compliances were recorded by external auditing bodies or supplier audits.

OTHER ACHIEVEMENTS AND PROGRESS INCLUDE:

- During the year we continued to develop our corporate health programs by conducting external medical screening of our employees by approved medical providers within the Middle East region. This initiative made good progress towards our long-term health improvement goals. There were no reported cases of occupational illness affecting employees working at our facilities during the year.
- We are focused on strengthening our health and safety culture within the company by looking at the format and content of all of our policies and procedures, simplifying these documents to make them easier to use.
- We have introduced an HSE Recognition Program to enhance the culture of reporting incidents and accidents,no matter how minor.

CONTRACTOR HEALTH & SAFETY

As an extension of our commitment to enhance our supply chain, we treat our contractors and suppliers just as we treat our permanent employees, maintaining the same concern for their health, safety and well-being. It is mandatory for contractors and suppliers who come to our facility to perform physical work to receive health and safety induction programs and to adhere to our permit-to-work system. All Aramex contractors contractually agree to commit themselves to comply with the Aramex Warehouse HSE Management System as well as all Aramex Health & Safety policies and associated requirements. Our incident reporting statistics also apply to all contractors and suppliers who work for us, ensuring accurate and transparent incident reports.

Training needs are identified, planned and managed for all personnel, including subcontractors, who perform tasks for Aramex. This ensures that they receive the appropriate training to develop their competence and ensure they are compliant with the standards set by the organization.

CASE STUDY
CATERING FOR STORAGE OF DANGEROUS GOODS

Warehousing is an integral part of our business and wider supply chain. We therefore decided to propose a separate state of the art facility for Dangerous Goods (HazMat) storage in Dubai South free zone area - not only to ensure the health and safety of our people, but also due to the high volume of demand to further enhance our storage capacity. The new warehouses are temperature controlled and designed to meet Dubai South, Dubai Municipality, NFPA, LEED, TAPA, ISO18001 and ISO14001 requirements. One temperature controlled warehouse is intended for General Storage, the other for Dangerous Goods.

The primary objectives for establishing the HazMat warehouse are to store a broad range of chemicals and to cater for market requirements. Our HazMat warehouse has a built area of 10,000 Sq.m and has been constructed to meet industrial standards for DG/NDG goods. The warehouse is fully equipped with a state of the art fire alarm system and firefighting facilities. For firefighting, a very effective and potent foam expansion system is in place, coupled with a cutting-edge VESDA warning system (EWS) that continuously monitors air quality. In view of the high-risk operations taking place within the building, all fixtures and MEP systems are explosion-proof (ATEX), which helps ensure that any spark, if generated, will be contained. The facility is also equipped with a network of drain lines and holding tanks for each compartment - this is in line with strict regulations and helps manage chemical wastes in accordance with Dubai Municipality regulations.

The facility has four compartments strictly reserved for specific DG class, each with fire-rated panels giving 2 hours' fire rating. This results in better management and helps avert accidents caused by chemical reactions. With strict HSE and Security Protocols in place, only trained staff members are allowed to operate the facility.

Statistics received via the journey management process indicate that our vehicular standards have been the highest recorded via the GPS control room. Following a significant increase in tracking and monitoring of oil and gas movement vehicles, our pre-trip inspections and results reviewed show that the implemented training and standards have been effective.

HEALTH AND SAFETY STATISTICS

Total Number Of Incidents	970
Total Number Of Incidents Resulted In Injuries	127
Total Number Of Incidents Resulted Without Injuries	843
Total Number Of Fatalities	3
Total Number Of Lost Time Injuries	88
Total Number Of Minor Injuries	39
Total Number Of Days Lost	1,796
Total Number Of Shipments	60,106,093
Total Number Of Employees	14,275
Total Number Of Working Days	3,811,425
Total Number Of Man Hours Worked	30,491,400

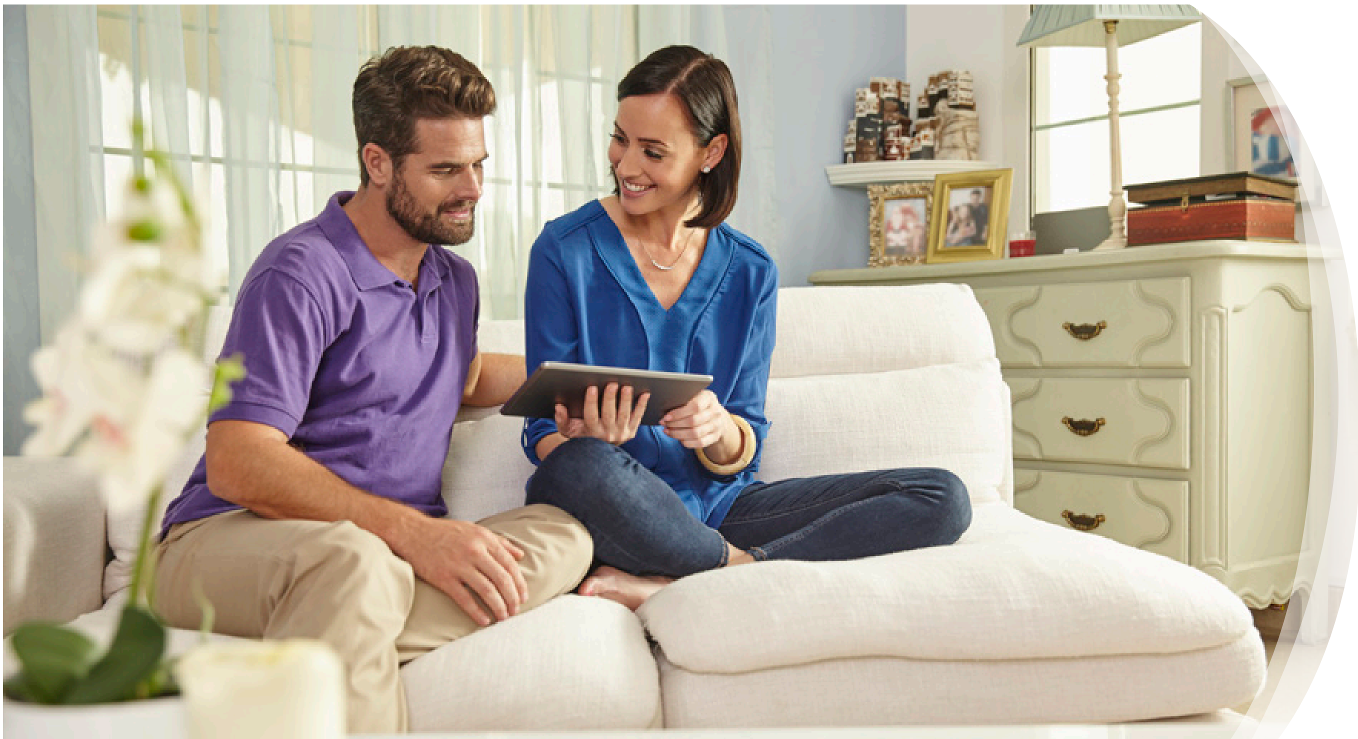
Fatalities		
Region	Male	Female
India	2	0
GCC	1	0

Total Number Of Vehicle Related Incidents	822
Total Number Of Vehicle Related Incidents Resulted In Injuries	74
Total Number Of Vehicle Related Incidents Resulted Without Injuries	748
Total Number Of Vehicle Related Fatalities	2
Total Number Of Vehicle Related Lost Time Injuries	58
Total Number Of Vehicle Related Minor Injuries	16
Total Number Of Vehicle Related Days Lost	1,402

Total Number Of WH And Office Related Incidents	148
Total Number Of WH And Office Related Incidents Resulted In Injuries	53
Total Number Of WH And Office Related Incidents Resulted Without injuries	95
Total Number Of WH And Office Related Fatalities	1
Total Number Of WH And Office Related Lost Time Injuries	30
Total Number Of WH And Office Related Minor Injuries	23
Total Number Of WH and Office Related Days Lost	394

HEALTH AND SAFETY INDICATORS

Lost Time Injury Frequency Rate (LTIFR)	2.89	Aramex Experienced 2.89 LTI's For Every 1,000,000 Hours Worked Over The Past Year
Lost time Injury Frequency rate (LTIFR)	0.62	Aramex Experienced 0.62 LTI's Per Hundred Employees
Severity Rate (SR)	20.41	On An Average Each LTI Resulted In 20.41 Days Off Work
Lost Time Injury Frequency Rate (LTIFR)	0.58	For Every 100 Employees, 0.58 Employees Has Been Involved In LTI
Vehicle Related Lost Days Rate (LDR)	23.33	Aramex Experienced 23.33 Vehicle Related Lost Days Per Million Shipments
Wh & Office Related Lost Days Rate (LDR)	6.56	Aramex Experienced 6.56 WH & Office Related Lost Days Per Million Shipments
Lost Days Rate (LDR)	29.88	Aramex Experienced 29.88 Lost Days Per Million Shipments
Accidents Per Million Shipments	16.14	Aramex Experienced 16.14 Accidents Per Million Shipments



Our Customers

We view our customers as partners and actively work to continue delivering high quality services and innovative products.

We are committed to upholding our customer-centric culture throughout all of our operations and transactions. We continually invest in streamlining our processes, feedback channels and service response to any customer concerns, aiming to go above and beyond expectations of quality of service.

At Aramex, our policies, regulations and training are designed to ensure that our employees act ethically, maintaining professionalism, ensuring the confidentiality and privacy of all related communications and information, while responding to our clients' needs.

We are diligent in ensuring that our customers maintain a deep trust in our services and brand, and therefore employ information security measures, along with a comprehensive Code of Conduct, to safeguard our customers' privacy and information. Our strict adherence to these policies ensured that we did not receive any complaints in 2016 related to protection of our customers' private information.

Furthermore, we limit our advertising and instead focus our efforts towards more direct interactions with clients and prospects. In cases where we have advertised, we have made sure to comply with local and international laws relating to any marketing activity and, as a result, have not faced any related non-compliance issues this year.

Moreover, in 2016 we did not receive any fines, monetary or otherwise, for non-compliance with laws and regulations concerning the provision and use of products and services.

Aramex is committed to complying with applicable import and export control laws and regulations involving the countries in which we do business. We submit accurate and complete import declarations to government authorities. We also take the utmost care in ensuring our compliance with import regulations regarding designated importer of record, import tariff classification, valuation, origin, duties and import tax payment, payment to the supplier, duty preference programs, temporary imports, bonded warehouse, duty drawback programs and other factors that impact upon our activities. We also comply with all international and national embargo regulations.

Furthermore, by training employees and verifying shipment contents, we enforce strict policies to ensure that we do not transport banned or disputed products.

ENGAGING WITH OUR CUSTOMERS:

In order to improve our services and guarantee customer satisfaction, we gather customer feedback through different channels, including:

- Websites (aramex.com/ShopandShip.com).
- Our Contact Center.
- REACH customer management system.
- Customer Management Teams and Sales Teams.
- Retail Outlets.
- Social Media Channels.
- Aramex Solutions Center

E-TOOLS

Utilizing technology for faster, easier and more accurate processing has long been a cornerstone of our innovation culture and the solutions we offer to our customers. We provide smart IT solutions that allow for integration between our customers' systems and those of our operations:

Integration Tool
Aramex offers Electronic Data Interchange (EDI) and Application Programming Interface (API) tools to integrate a customer's site with Aramex's online InfoAXS site, giving the customer a seamless workflow process. These tools – which work in the background and in real time – process input information and produce an output.

ClickToShip
A free desktop application that enables customers to manage their shipping needs offline. For a regular Aramex customer, ClickToShip automates shipment preparation, pick-up requests, calculation of shipping rates, shipment tracking and management of shipping addresses. ClickToShip helps customers handle and manage bulk shipping. In an effort to make ClickToShip more accessible and user friendly for our customers worldwide, we have upgraded the application this year to speak 3 new languages: Chinese, Russian and Georgian. Additional languages and enhancements will follow in 2017.

aramex.com
Our website offers many features to help customers manage their shipping online. It allows for the preparation and printing of shipment labels and enables the customer to specify any cash on delivery amount to be collected. When customers use aramex.com to prepare shipments, commercial invoices are automatically generated to speed the customs clearance process at the destination. "myaramex" on aramex.com allows customers to:

- Track orders and see any orders with discrepancies (orders held at customs, bad addresses, etc.)
- Calculate shipping rates
- Access automated reports
- View Aramex invoices and balance due
- Order shipping supplies

aramex.com offers customers and their shoppers online tracking of their orders in five languages: English, Arabic, French, Turkish and Chinese.

In 2016, we embarked on a huge project involving a complete revamp of our website. The new aramex.com, specifically designed to enhance our customers' experience in every way, is faster, more responsive and easier to use.

CUSTOMS INFORMATION

Our Customs Information Center is designed to take the complexity out of the customs process, simplifying it for our customers. We are continuing to grow our center by actively engaging with relevant internal teams in each country and by maintaining our relationship with customs authorities around the world. This forms part of our ongoing efforts to ensure compliance throughout all of our operations and supply chain.

We continue to support our customers by providing them with an option, via aramex.com, to contact a local customs expert who can offer support and guidance on customs clearance regulations.

SALES SUPPORT

We are committed to the continuous pursuit of strengthening the relationship between our sales teams and customers. To this end, we have continued to develop solutions that help maximize the time that our sales teams spend in contact with the customer, thereby making their daily activities more efficient, effective and customer-centric. For that purpose, we have worked this year on developing a new mobile application for our sales force called "REACH SFA". The main objective of this app is to enhance the existing sales experience. This is achieved by providing our sales teams with a tool that extends their reach to all customers, enabling them to have most of their work done while on the go and in a timely, effective manner.

POINTS OF SALE (POS)

We continue to deploy automated point of sale units in retail outlets to speed up customer transactions and ensure a smooth computerized integration with our systems. This has resulted in reduced serving times for our customers, and enabled our customer service teams to focus on customer experience, thereby delivering a better service. An additional measure has been developed to ensure a seamless cycle between the customer service and accounting teams and streamline some internal functions.

POS is currently deployed in major locations in Levant, GCC and North Africa, and is considered an important tool in our retail outlets. In 2017, we have plans to extend POS deployment to additional outlets and ensure full coverage of all retail outlets.

SOCIAL MEDIA

In 2016, traffic increased across the main social media channels, doubling the figures achieved in 2015 and surpassing 1 million mentions. In response, the social media team has grown and our technology and facilities have been improved to meet increasing traffic demands.

CUSTOMER FLOW MANAGEMENT

Our queue system upgrade, which was piloted in the UAE earlier in 2015, has proven to be a great mechanism to manage customer flow in our retail outlets. In addition to measures related to serving and waiting times and adherence to service levels, the new system has enabled smoother interactions, as well as reducing the overall time spent by customers in our outlets.

The system has been swiftly integrated in major locations in our KSA, Oman, Kuwait and Jordan operations and continues to be pivotal in the renovation of our retail outlets concept. It uses real-time specific updates to locate shipments more efficiently and support the delivery process.

Real-time alerts and remote online monitoring tools enable our retail outlets and operations managers to access the latest updates and keep track of customer serving and waiting times - even while traveling between locations. The system also supports a bird's eye view for management and other teams to address pain points and focus on resolving problems, providing concurrent actionable insights, rather than historical data. More locations are planned for 2017.

GLOBAL CASE SYSTEM

Our GCS (Global Case System) is implemented across the network to facilitate communications with customers and between teams. It continues to be the major tool for internal and external communications. In addition to enhancing communication efficiency, it provides qualitative insights and continues to support different aspects of day-to-day operations.

We remain focused on improving several GCS measures such as First Case Resolution (FCR), first acknowledgement time and case closure, as well as quality of issue resolution.

Moreover, GCS serves as a customer service index and allows managers to focus on areas which require improvement

CUSTOMER SERVICE CERTIFICATES

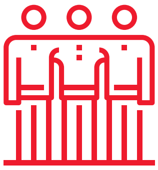
In 2014, Aramex Jordan became the first logistics company in the Middle East and Africa to be certified in the International Standard for Service Excellence (TISSE), a certification developed by The International Customer Service Institute (TICSI) in the UK.

In 2015 and 2016, Aramex KSA, Abu Dhabi, Kuwait, Bahrain, Qatar, and Jordan offices have been certified across the TISSE standard.

TISSE encompasses a set of practical customer service guidelines that assist organizations in focusing their attention on 'the customer' throughout the delivery process, while providing recognition of success through an independent third party certification scheme by the British Standards Institution (BSI).

Achieving and maintaining the International Standard for Service Excellence continues to be the result of team dedication and cooperation, and is testament to our commitment to service excellence. It is also a purposeful benchmarking mechanism, supporting our quest for customer experience improvement.

Over **1,700 employees** have received training sessions spanning the **full range of customer service** competencies.



CUSTOMER SERVICE TRAINING

Customer Service Excellence, Interpersonal and Communication Skills, Telephone Handling and Time Management continue to be important competencies for our frontline employees, including our call center staff, customer management teams, customer service teams and retail outlets teams.

In 2017, we plan to expand the reach of our training program by introducing online tools supporting interactive e-learning and employee engagement.

MYSTERY SHOPPING

Mystery shopping has become an established practice and an important tool for Aramex to visualize the experience from the customer's point of view.

Major locations in KSA, UAE, Jordan, Qatar, Bahrain and Kuwait are visited regularly by mystery shoppers. To help improve processes, these shoppers are trained and provided with different tools and materials to capture feedback on customer journeys through retail outlets and call centers.

The exercise is conducted in multiple waves throughout the year to ensure that mystery shopping feedback is actioned and enhancements realized.

CUSTOMER RETENTION

We are proactive in our recruitment of new customers, while ensuring the retention of our existing customer base.

CUSTOMER SATISFACTION

Customer satisfaction measurement has become a staple in our customer experience ecosystem, providing guidance and understanding of customer needs, as well as highlighting points for improvement. Surveying and eliciting customer feedback is a practice Aramex is perpetuating and developing through different customer service channels.

Annual surveys are conducted, capturing insights across different customer groups including Shop and Ship, B2B and B2C customers. The surveys cover UAE, KSA and major locations in Levant.

Additionally, the launch of the new Aramex mobile application and the survey function it supports has been instrumental in providing immediate feedback, which is paramount to enhancing the customer experience.

Number of Years using Aramex	Criteria	Customers	% of Customers 2016
5 years and more	Started during or Before 2012	43,857	39%
4	Started during 2013	10,317	9%
3	Started during 2014	20,355	18%
2	Started during 2015	16,833	15%
1	Started during 2016	19,766	18%

Sustainability

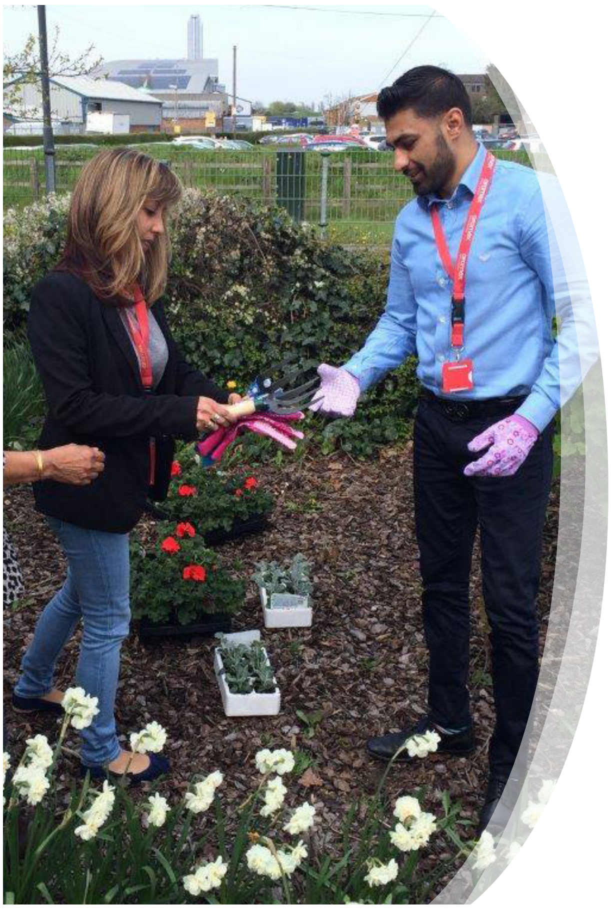
We pride ourselves in adopting an inclusive approach to all aspects of our sustainability strategy, as we consider sustainability part of our DNA. We seek to create shared value through working closely with our communities and stakeholders to ensure social good and maximizing our positive impact.

Our sustainability strategy has been developed through a regular dialogue with the communities we serve - and of which we are a part. We continue to move away from the traditional philanthropic model and approach sustainability projects as investors and partners with the community and relevant organizations. Through this approach, we leverage our business and operations to implement projects and engage with communities. We view programs and activities as active exchanges with society, guided by effective communication, strategic partnerships and the involvement of our employees.

Furthermore, we are working to support the accomplishment of the United Nations Sustainable Development Goals. Our corporate and sustainability strategies are in line with the Sustainable Development Goals through our employment and recruitment model, work with entrepreneurs, investment in local communities, youth education programs, commitment to the environment and continuous engagement with partners and stakeholders.

In 2016 we continued to focus on three main themes, which directed our sustainability efforts:

- Our Environmental Commitments
- Youth Education and Empowerment
- Entrepreneurship



Our goal for 2016 was to increase the number of beneficiaries from our sustainability by 5%.

We are happy to announce that we were able to go above and beyond, reaching a **14% increase**. Furthermore, we increased our sustainability coverage to **97% of our operations, up from 95% in 2015**.

SUSTAINABILITY IMPACT AT A GLANCE

500
Women

1,788
Students

29,146
Community Beneficiaries

97%
Coverage

2,675
Startups and SMEs

798
Athletes

18,349
Children

Paper Savings
78,301

505
Interns

60,194
Total Beneficiaries

Electricity
46,652,615 kWh

17% increase in
Recycling

6,500
Emergency Relief

Fuel
18,198,324 L

*Excludes indirect employees

COMMUNITY ENGAGEMENT

All of our programs revolve around community needs and interests. Whether working with youth, entrepreneurs or for environmental protection, community engagement is a central aspect of our sustainability strategy. Therefore, our programs are designed to create a ripple effect of social good, while addressing community needs.

In 2016, we had over 29,100 community beneficiaries

Our offices in New York have partnered with the Queens Center for Progress (QCP) to support children and adults who have developmental disabilities. The goal of these services is to promote independence, community involvement and quality of life.

Through this partnership we ensured a safe and healthy work environment where developmentally challenged adults could be gainfully employed, make friends and hold a major work role within the company.

aramex it FORWARD

In 2016 we launched Aramex It Forward, an initiative to support the shipping needs of socially responsible projects working in disaster relief, youth and community empowerment, education and environment. Every month, organizations are encouraged to apply to the initiative to win a free shipment. The monthly winner is then part of the committee to select the next month's winner.

By utilizing our core competencies, we are able to support and encourage organizations working towards social good by providing these free "prize" shipments. Furthermore, the initiative uses social media to reach out to organizations, and aims to connect individuals and organizations working towards sustainability and community empowerment.

Aramex It Forward was incubated and launched by RedLab and has since been adopted by the sustainability team at Aramex.

RUWWAD AL-TANMEYA

We continually provide support to Ruwwad Al-Tanmeya in three locations in Jordan, including Jabal Al Natheef in East Amman, Tafileh and Al Baidha in the South. We also support Ruwwad in Palestine, Egypt and Lebanon. Ruwwad Al-Tanmeya is a non-profit community development organization that works with disenfranchised communities through education, youth volunteerism and grassroots organizing. Our approach encompasses an array of programs and initiatives that, together, strengthen the agency and facilitate redress to problems prioritized by members of the community. Three main programs anchor Ruwwad: Child Development, Youth Organizing and Community Support.

Ruwwad is the brainchild of Fadi Ghandour, serial entrepreneur and founder of Aramex International. Fadi is a strong advocate of a more public-spirited and decisive presence for the Arab private sector in the sustainable development of the region. In 2005, Fadi mobilized Aramex and brought together a group of like-minded businessmen with the singular aim of deploying entrepreneurship - talent, resources and skills - in the service of community and to help tackle, however modestly, the inequities that pervade the Arab world.

By sheer virtue of its aspirations, Ruwwad embraces pluralism and insists on respect for diversity. Our team's working framework is activist and participatory, in method and as a matter of principle.

In practice, Ruwwad's is a continuous conversation with the communities' various constituencies, as much to invite freewheeling expression and critical thinking as it is to disrupt the status quo and its entrenched interests.

To find out more about Ruwwad Please visit http://ruwwad.net/

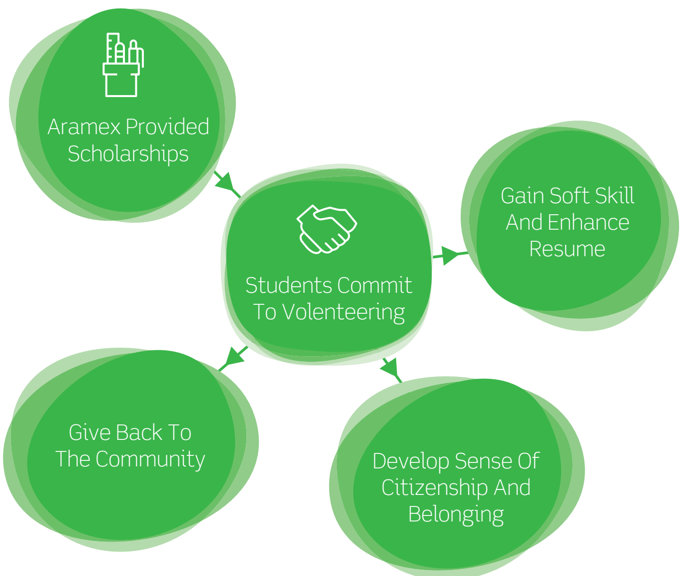
We actively engage with Ruwwad in its different programs. Furthermore, our employees volunteer with various community, child and youth programs.

Youth Education and Empowerment

SUSTAINABLE DEVELOPMENT GOAL 4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Youth make up a significant proportion of the population in our areas of operation and, as such, hold the key to positive and sustainable development. We recognize their potential and see immense value in investing in their futures. We design our programs to address the needs of young people and their communities, creating long-term partnerships with local and international organizations and institutions. We also provide financial scholarships for education and empowerment through training and mentorship.



Education

In 2016, we reached 1,788 student beneficiaries through our programs.

Examples of these programs include:

Our employees in India piloted a program with Udaan school through which they provided students with tutoring and additional classes on civics, English grammar and speaking.
The program combines our youth education and empowerment efforts with our commitment towards volunteering and community service.

In Ireland, we worked with the Business in the Community initiative, which was designed to help young people who have left school to gain skills to enhance their employability. The young people were able to spend time shadowing our employees, receiving training on CV writing, communications and interview skills.

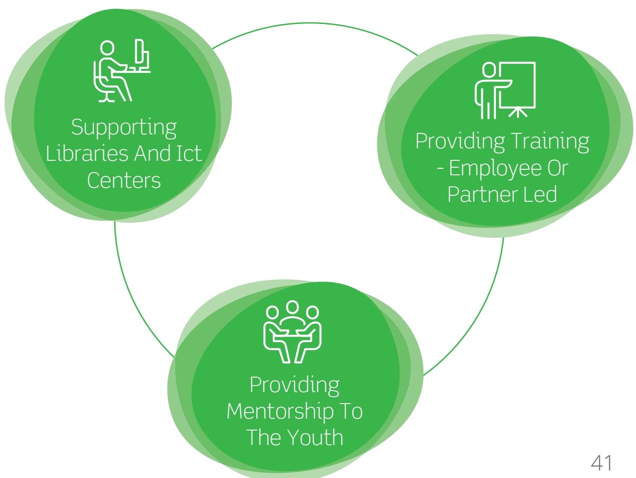
As part of our internship programs, students from the International Trade Institute of Taiwan, Dublin City University and the Erasmus Mundus Program interned with Aramex to gain experience in a working environment, develop their soft skills and gain competitive advantage.

We partnered with Injaz Algeria's "Be Innovative Camp", during which we asked students to innovate and find solutions to different business challenges. Each team was assigned a business mentor to help develop their critical reflection, teamwork, communications and leadership skills.

We continued our partnership with the Arab Innovation Network and supported 54 students, enabling them to attend the annual conference and participate in activities. We also presented the students with two innovation challenges related to our services. The group that won the challenge was offered an internship at Aramex and a chance to develop and launch their solution.

The Arab Innovation Network (AIN) is a volunteer-run initiative that aims to foster innovation in the Arab World by encouraging young people to direct their knowledge, skills and resources towards industry-relevant innovation.

Empowerment



Entrepreneurship

SUSTAINABLE DEVELOPMENT GOAL 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We recognize the important role entrepreneurship plays in socio-economic transformation. Our entrepreneurial roots allow us to understand the unique challenges that startups and small businesses might encounter on their path to growth and success, which is why we continue to focus on entrepreneurship as part of our sustainability strategy.

In 2016, we continued to offer competitive rates for our services, mentorship and sustainability integration support to startups and SMEs under the Startup Support Program. Previously known as the SME Program, this initiative was rebranded to ensure a wider reach and highlight the dynamic nature of the program.

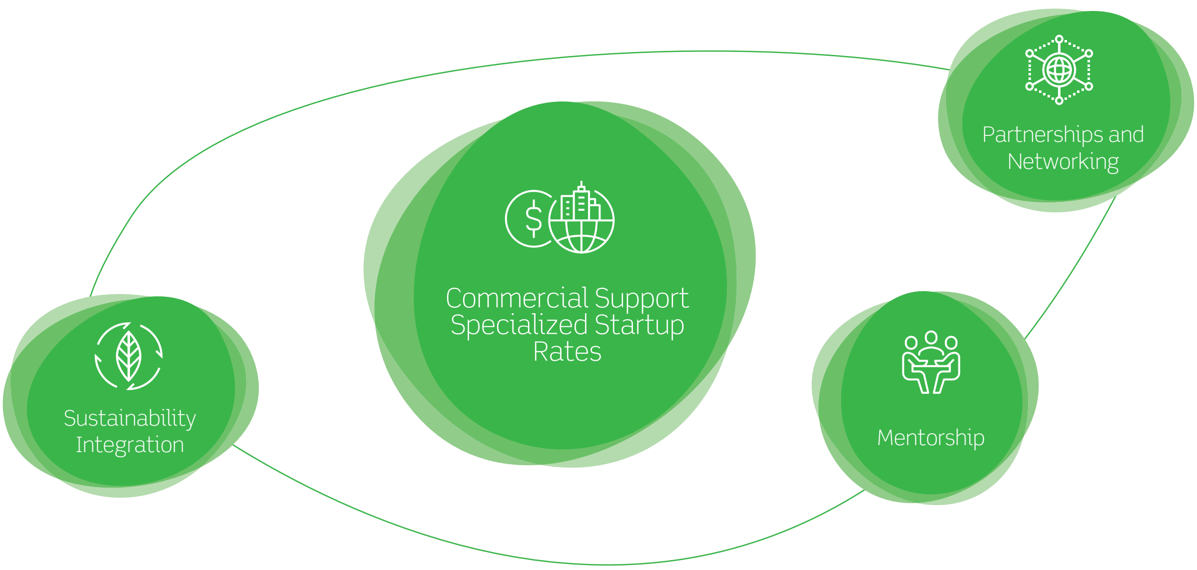
This year, we were able to reach 2,675 Startups and SMEs through the Startup Support Program.

In 2016 we partnered with the Federation of Indian Export Organizations (FIEO) for our Startup Support Program. In launching this partnership, we sponsored training sessions for FIEO member startups and SMEs in India and Iran, as well as working with members to train them on expanding their businesses to the GCC.

We partnered with SeedStars World, a startup competition in emerging markets, to provide startups with mentorship, training, and specialized services at competitive rates. Our team in Algeria and Bahrain provided mentorship to regional startups on business development, strategy and sales. During the regional summit in Bahrain, one startup was awarded a free shipping package as a competition prize.

In 2016 we continued our partnership with Startup Weekend in Egypt. In addition to sponsoring the two events, we provided prize packages to the winners. Both events, in Alexandria and Cairo, were attended by 500 young people, a large percentage of whom were women, as part of our support to female entrepreneurs. Startups were also given the chance to enroll on our Startup Support Program.

ARAMEX STARTUP SUPPORT PROGRAM



Our Environmental Commitments

SUSTAINABLE DEVELOPMENT GOAL 13

Take urgent action to combat climate change and its impacts

2016 was a big year for us, as we initiated several environmental investments as part of our efforts to achieve our goal of cutting our carbon emissions per shipment by 20% by 2020.

Since we have met our goal of cutting our carbon emissions per shipment by 20% by 2020, we are committing to an additional 20% decrease of carbon emissions from our own operations.

To that end, we invested this year in two solar projects in Jordan and the United Arab Emirates. We also commenced building a LEED Warehouse in Dubai and began converting our fleets in Abu Dhabi, Cairo and India to LPG. We expect to see results of these investments in the next few years.

We are also investing in alternative fuels and converting our fleet to include more efficient and environmentally friendly vehicles. We have implemented several measures of environmental compliance. We have added supplier evaluation and certified our facilities according to ISO Environmental Management Systems and Leadership in Energy and Environmental Design certifications. We have also explored renewable energy options, fleet upgrades and increasing our operational efficiency. We are active in finding innovative solutions to mitigate the risks of climate change and to reduce our environmental footprint. To understand our environmental impacts, we diligently measure our resource consumption and carbon footprint.

CASE STUDY

CLIMATE CHANGE RISKS AND OPPORTUNITIES

We are aware of the risks and impact that climate change has on the globe, including our own operations. Therefore, we continue to invest, innovate and work towards reducing our negative environmental impacts, which primarily result from our greenhouse gas emissions. Currently, energy and environmental regulations and policies remain uncertain globally. Furthermore, changes in insurance coverage, customer needs and concerns, as well as potential carbon taxes and increases in fuel prices, are all important considerations that might place greater financial burdens on our operations if not pre-empted or addressed through a precautionary approach. There is an ever increasing need to invest in renewable and alternative energy and technologies - and this is part of our ongoing sustainability strategy and projects.

As a company, we face the challenge of unusual weather events that may cause delays in our operations. For this reason we continue to manage our operations despite the increased risk of such weather events brought about by climate change. Being an asset-light company, we rely on our suppliers, including airlines, sea liners and land freight operators. Therefore, we do not control our emissions across our entire supply chain. While we are incorporating evaluation measures to assess our suppliers' environmental management efforts, it does leave some uncertainty - and an additional burden on our footprint if our suppliers do not impose the same controls that we strive to achieve.

However, as part of our sustainability and business strategies, we continually work to find opportunities in the face of these risks. This includes finding innovative ways to increase efficiency, lower energy consumption and material use, as well as managing our overall environmental impacts.

Year	2012 (Baseline)	2016
Emissions (tCO2e)		
Scope 1	37,100	44,438
Scope 2	22,885	30,241
Scope 3	456,306	534,477
Freight	374,466	387,230
Express	61,034	122,645
Commuting	19,806	23,777
Business Travel	1,000	825
Total Emissions	516,291	609,156

Total Emissions (kg) / Shipment	**13**	**10**

We only report our NOx and SOx as other emissions are negligible. Our total NOx and SOx emissions for 2016 were 24,855 tons - these were measured using the GHG protocol and Climate Registry tools.

What are we doing?

Utilizing fuel efficient vehicles, alternative fuels and technology. As part of our continued investment in updating our fleet to environmentally friendly and low emission vehicles, this year we continued to convert our fleet to include Compressed Natural Gas (CNG) and Liquid Petroleum Gas (LPG) vehicles, as well as hybrid and electric vehicles.

What are EURO standard vehicles?

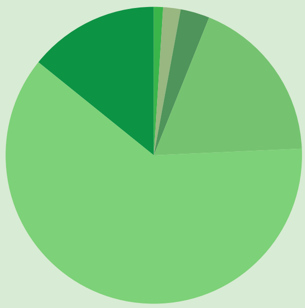
European emission standards define the acceptable limits for exhaust emissions of new vehicles sold in European Union member states. These standards cover emissions of nitrogen oxide, hydrocarbons, carbon monoxide and particulate matter, as well as ranking different levels of performance in relation to "Euro" categories. The higher the rank, the lower the emissions released by the vehicle.

Emissions from our fuel (Scope 1) were 44,438 tCO2e

Our **scope 1 emissions** and **fuel consumption decreased** by **16%** per shipment.

*Compared to our baseline year of 2012.

Breakdown of Fleet



ELECTRICITY CONSUMPTION WITHIN ARAMEX (SCOPE 2)

Emissions from our electricity (Scope 2) were **30,241 tons of CO2e**

Our **scope 2 emissions decreased** by **16%** per shipment.

Our **electricity consumption fell** by **15%** per shipment.

*Compared to our base year of 2012.

What are we doing?
In 2016, we began generating electricity through our solar farm in Amman, Jordan, which will cover all of our electricity consumption. We are also finalizing our solar farm in Dubai, which is set to supply part of our operational electricity consumption.

Our Facilities
When constructing new facilities, we are committed to green buildings wherever possible, with a particular focus on Leadership in Energy and Environmental Design (LEED) certification.

To reduce our carbon footprint, we retrofit and modernize our facilities with energy efficient electronics, lighting systems and technologies wherever possible. Our procurement policies state that, where available, we must purchase energy efficient electronics.

OUR SUPPLY CHAIN, TRAVELING AND COMMUTING FOOTPRINT (SCOPE 3)

Scope 3 emissions were 534,477 tons of CO_2e,

Our Scope 3 emissions per shipment decreased by 25% compared to our 2012 baseline, due to utilization of mixed modes of transportation, as well as a reduction in total weight of shipments.

Our freight related emissions were 387,230 tons of CO_2e.

Our express shipments related emissions were 122,645 CO_2e.

Employee commuting related emissions were 23,777 tons of CO_2e.

Emissions resulting from employee commuting rose by 20% in response to an increase in our global workforce, as compared to our base year of 2012.

Through our internal awareness and information sharing, we discuss measures with employees to reduce their commuting footprint by utilizing public transportation, carpooling and bicycles.

Business travel related emissions were 825 tons of CO_2e.

Our Business Travel related emissions decreased by 17% from 2012. Wherever possible, we continue to utilize teleconferencing to reduce the number of business trips across the network.

In 2016, our total emissions per shipment were 10 Kg CO_2e, a reduction of 25% compared to our 2012 baseline. This was reflective of our continued efforts to utilize environmentally friendly measures across all of our operations.

Recycling

Proper waste management and recycling are an important part of managing out environmental footprint. We are continually working to recycle our waste and materials. In 2016, we were able to increase our recycling by 17% compared to 2015.

Environmental Compliance

As part of our commitment to reducing our environmental footprint, we diligently work towards ensuring that we are compliant with both national and international environmental laws and regulations. When setting controls, policies, and procedures we ensure that we keep environmental considerations in mind.

Furthermore, we continue to certify our facilities and stations with the ISO14001: Environmental Management System.

In 2016, 21 of our stations were ISO14001 certified.

In order to ensure environmental compliance across our supply chain, we include questions about environmental management on our supplier and franchisee evaluation questionnaire. In cases where a supplier does not have environmental management systems or controls, we work to help them implement such systems.

Our adherence to environmental policies and regulations ensured that we did not receive any non-compliance fines or sanctions related to the environment in 2016, nor did we receive any environmental grievances.

Advocacy and Awareness

Awareness and advocacy are important aspects of our environmental commitments. To encourage others to measure and manage their environmental and carbon footprints, we actively share the experience we have acquired in our work on sustainability and environmental commitments. Aramex is a signatory of Caring for Climate, a UN initiative aimed at advancing the role of businesses in addressing climate change. It provides a framework for business leaders to promote practical solutions and help shape public policy as well as public attitudes. Furthermore, we have a longstanding partnership with the Arab Forum for Environment and Development. Aramex is a member of the Forum and supports events and publications as well as providing in-kind support.

Sustainability Partnerships, Support, and Advocacy

We continue to cultivate long-term partnerships with private, public and civic institutions on sustainability and sustainable development, both locally and internationally. We work closely with our partners to implement our sustainability programs, raising awareness on social and environmental matters, as well as sharing best practices.

In 2016, we worked on over 100 projects and programs with different partners, spanning 97% of our countries of operation and reaching more than 60,000 beneficiaries.

We are part of the United Nations Global Compact and on the steering committee of the Caring for Climate initiative. We are also observers to the Paris Climate Change Agreement Certification, which ensures that countries are submitting required documentation related to their efforts to combat Climate Change.

SUSTAINABLE DEVELOPMENT GOAL 17

Strengthen the means of implementation and revitalize the global partnership for sustainable development

As part of our efforts towards engaging with business by reporting and sharing our experience and expertise, we are also part of the GRI Gold Community and the Corporate Leadership Group on Integrated Reporting.

In addition, we participate in local and regional initiatives and working groups aiming to raise awareness, provide resources and engage stakeholders in sustainability and reporting, as well as environmental and social initiatives.

Emergency Relief

We are committed to leveraging our operations, network and resources to help communities in cases of emergency. Given our line of business, we are able to mobilize our resources by utilizing our global network to ship, store and distribute essential aid material to those facing disasters and emergencies across the world.

Our work in emergency relief is supported by different channels:

Our Operations:

We utilize our operations and capacity to support via

- In Kind support
- Financial aid

Our Employees:

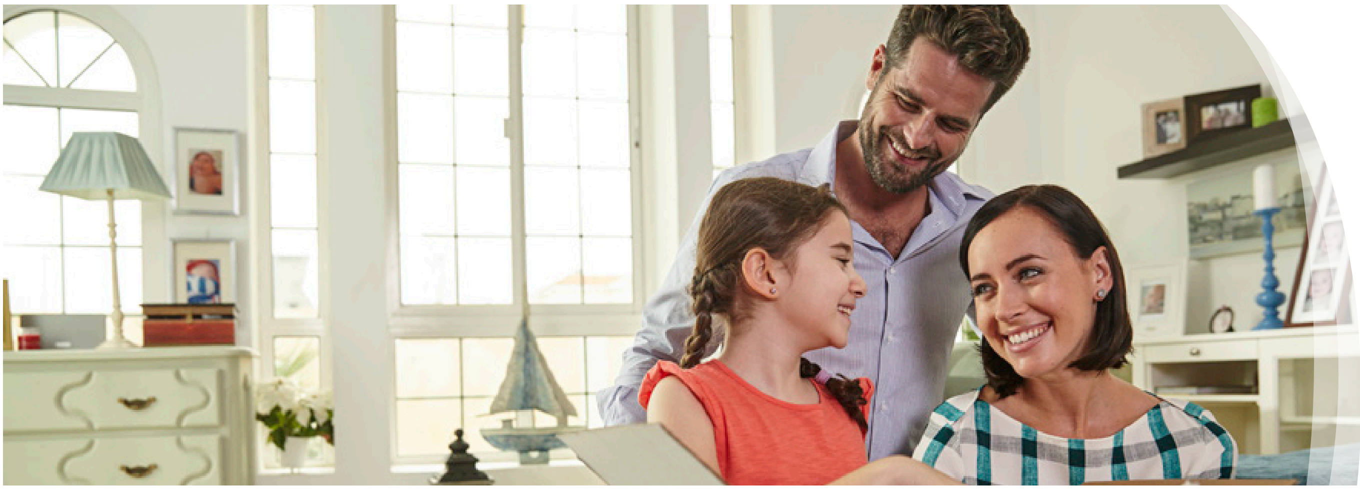
Our employees often volunteer, donate and contribute to emergency relief efforts, from preparing packages, to distribution and coming up with their own initiatives to support those who might have been affected by disaster

Our Network:

Business and community partners to support in relief efforts

In 2016, we shipped medical, educational supplies and clothing to 6,500 refugees who were in need.

Given the nature of emergency relief, we do not apply annual targets to be reached. Instead, we make sure that we are responsive and address any emergency and disaster by using our core strengths and resources.



Stakeholder Engagement

We define our stakeholders as **entities and individuals with whom we interact**, whether directly or indirectly, and who are in our **sphere of impact, based on assessment of our operations and their reach.**

Aramex has a global base of stakeholders, all of whom are vital to our operations and are vested in our sustainability practices. We actively engage with our stakeholders through different channels in order to understand and address their needs and concerns. Our relationship with our stakeholders directly impacts on our long-term growth and is a vital determinant of our sustainability performance.

We work closely with government entities, which are integral stakeholders, in several capacities - from operations and customs to advocacy and development programs. We engage with the government through continual communication, meetings and reports to ensure that we abide by local and international laws and regulations.

In 2016, we held multi-stakeholder engagement and consultation workshops in three of our main material markets – Singapore, Hong Kong and Sri Lanka. Feedback and discussion from the workshops helped determine goals and priorities for our sustainability performance and strategy in relation to their geographic and culturally specific needs. Further input from our stakeholders was instrumental in enhancing our service delivery and designing our sustainability programs and communication strategies, including this report.

Stakeholder Map

MATERIALITY MATRIX

Material Aspects			Section	Materiality	Aspect Boundary	Notes on Materiality	Notes
DMA			DMA				
Economic			1				
Economic Performance							
201	1	Direct economic value generated and distributed		Material	Within our entire operations and outside the organization as it relates to our shareholders, suppliers and other stakeholders	Our direct economic value generated is an important performance indicator for our operations and our stakeholders as it signifies our economic sustainability and potential for growth	
201	2	Financial implications and other risks and opportunities for the organization's activities due to climate change		Material	Within our entire operations and outside the organization as it is related to our stakeholders, the governments and policies of the countries in which we operate	Climate change poses ubiquitous risks and threats, especially given our type of industry – transportation, which is responsible for 14% of global emissions. Therefore, we must be forward-looking in our strategies related to climate change risks and mitigation – this is particularly important in terms of the financial implications of climate change. It is also important for our stakeholders to know what approach we are taking in relation to climate change and its implications on our operations and surroundings	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
201	3	Coverage of the organization's defined benefit plan obligations	Material	Within our entire operations	Direct impact on our business and stakeholders, especially employees	
201	4	Financial assistance received from government	Material	Within our entire operations and outside the organization as it is related to our stakeholders, the governments and policies of the countries in which we operate	Aramex has a strict policy against receiving or giving any government assistance. It is important for our stakeholders to ensure that our company is not affiliated with any political or governmental system	
Market Presence						
202	1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Material	Within our entire operations and outside the organization as it is related to our stakeholders, particularly employees, the governments and policies of the countries in which we operate	At Aramex, employee morale, satisfaction and retention is very important, since employees are an integral part of our success and the quality of our services. We aim to offer competitive wages to our employees - for our entry level employees, these are equal and often in excess of the local minimum wage. Our wages are important to our employees as well as other stakeholders as they are indicative of our impact on the community.	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
202	2	Proportion of senior management hired from the local community at significant locations of operation	Material	Within our entire operations	We aim to employ members of the local communities in which we operate, as it is important to us that we have a healthy percentage of senior management hired from the local community, due to their understanding of the local market. Moreover, it is important for our stakeholders because it indicates our investment in the capacity of the communities in which we operate.	Aramex employs 50% local and 50% expat senior management in our global corporate operations.
Indirect Economic Impacts						
203	1	Development and impact of infrastructure investment and services supported	Immaterial		Since we are a light asset based company, we do not have significant investments related to infrastructure	
203	2	Significant indirect economic impacts, including the extent of impacts	Material	Within our entire operations and outside as it is related to the communities in which we work	Impacts our stakeholders and helps in the development of the communities in our areas of operations	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Procurement						
204	1	Proportion of spending on local suppliers at significant locations of operation	Material	Within our entire operations and outside, as it is related to our suppliers in the countries in which we operate	Impacts our stakeholders and helps in the development of the communities in which we are operating through our supply chain. The majority of our spending is on local suppliers – in fact, on average, 85% of our spending was on local suppliers in 2016	
Environmental Aspects						
Materials						
301	1	Materials used by weight or volume	Material	Within our entire operations and outside as it is related to the suppliers of our materials and the companies and municipalities that provide us with waste management and recycling services	In our operations, our degradable pouches are used for 99% of our shipments, making up a large proportion of the materials we use. Other materials include envelopes, labels, AWBs, canvas and bag tags. The amount of materials we use in our operations is important, due to the environmental impacts of these materials – especially since they are mainly made of plastics or paper.	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
301	2	Percentage of materials used that are recycled input materials	Material	Within our entire operations and outside as it is related to the suppliers of our materials and the companies and municipalities that provide us with waste management and recycling services	Given that most of the materials we use in our operations are sourced from plastics (non-renewable) and paper, both have environmental impacts – it is important that we work to recycle these materials in order to reduce our environmental impacts.	
Energy						
302	1	Energy consumption within the organization	Material	Within our entire operations, except our franchisees	Our energy consumption is important to our operations since it has a direct impact on our environmental and carbon footprint. Therefore we are keen to monitor and manage energy consumption in order to reduce our operational cost and minimize our negative environmental impact	Our total energy consumption inside the organization is 46625615 Kw and 18198324 liters of fuel (1 liter = 38.7 mega joules – HHV Diesel 1 liter = 34.8 mega joules – HHV Gasoline)
302	2	Energy consumption outside of the organization	Immaterial		Given that we rely on third party suppliers, information regarding the energy consumed outside our organization is unavailable. However, using the GHG protocol, we account for the impact of the energy use outside our organization through our scope 3 emissions	Given that we rely on third party suppliers, information regarding the energy consumed outside our organization is unavailable. However, using the GHG protocol, we account for the impact of the energy use outside our organization through our scope 3 emissions

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
302	3	Energy intensity	Material	Within our entire operations, except our franchisees	This is an important measure of our energy footprint, since the energy intensity per shipment is a strong indicator of how this footprint relates to the context and growth of our operations. Energy intensity gives our stakeholders a better understanding of how our energy consumption is related to our operations.	
302	4	Reduction of energy consumption	Material	Within our entire operations, except our franchisees	The amount of reductions in our energy consumption is an important measure of our environmental and efficiency initiatives	
302	5	Reductions in energy requirements of products and services	Immaterial		Because we report on our overall energy and emissions trends and consumption	
Water						
303	1	Total water withdrawal by sources	Material	Within our entire operations, except our franchisees	Our use of water is restricted to municipal use. However, given that water is important and exceedingly scarce, we make sure to measure our consumption	
303	2	Water sources significantly affected by withdrawal of water	Immaterial		Because our water consumption is strictly for municipal use and we withdraw and discharge water through municipal system	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
303	3	Percentage and total volume of water recycled and re-used	Immaterial	Within our entire operations, except our franchisees, outside as it is related to the municipalities and companies that provide us with services related to water re-use and recycling	Our use of water is restricted to municipal use. However, given that water is important and exceedingly scarce, we make sure to re-use and recycle our water wherever possible.	
Biodiversity						
304	1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Immaterial		Not applicable, since we ensure that we do not lease or own land adjacent to protected or high biodiversity areas	
304	2	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Immaterial		We are a service oriented company. Therefore, we do not manufacture products – the pouches we use for our services are degradable	
304	3	Habitats protected or restored	Immaterial		We were not involved in any habitat protection or restoration activities	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
304	4	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Immaterial		Not applicable, since we ensure that our operations are not in areas with protected or endangered species	
Emissions						
305	1	Direct Greenhouse Gas (GHG) emissions (Scope 1)	Material	Within our entire operations, except our franchisees	Due to environmental impacts	Our Carbon footprint baseline year is 2012
305	2	Energy indirect Greenhouse Gas (GHG) emissions (Scope 2)	Material	Within our entire operations (100% financially controlled)	Due to environmental impacts	Our Carbon footprint baseline year is 2012
305	3	Other indirect Greenhouse Gas (GHG) emissions (Scope 3)	Material	Inside our operations as it is related to our business-related travel. Outside our operations as it is related to our suppliers, our employees commuting	Due to environmental impacts	Our number of employees grew by 1.5%. Therefore, our commuting footprint grew by the same. We calculate our commuting footprint using a bi-annual employee survey, produced as per the GHG protocol

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
305	4	Direct Greenhouse Gas (GHG) emissions intensity	Material	Within our entire operations, except our franchisees, outside as it is related to our scope 3 emissions	Due to environmental impacts	
305	5	Reduction of Greenhouse Gas (GHG) emissions	Material	Within our entire operations, except our franchisees	Due to environmental impacts	
305	6	Emissions of ozone-depleting substances (ODS)	Immaterial		We do not emit any ODS	
305	7	NOx, SOx and other significant air emissions	Material	Within our entire operations, except our franchisees	NOx and SOx have negative environmental and health impacts, given that they are a by-product of the burning of fossil fuels, it is important to measure and report on the amount our operations produce. We use the GHG protocol tools to measure our NOx and Sox. Our efforts to reduce our GHG emissions are also aimed at reducing our NOx and Sox emissions	We only report our NOx and SOx as other emissions are negligible. Our total NOx and SOx emissions for 2016 were 24,855 tons measured using the GHG protocol and Climate Registry tools.
Effluents and Waste						
306	1	Total water discharge by quality and destination	Immaterial		Because our water consumption is strictly for municipal use and we withdraw and discharge water through municipal system	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
306	2	Total weight of waste by type and disposal method	Material	Within our entire operations and outside as it is related to the suppliers of our materials and the companies and municipalities that provide us with waste management and recycling services	Due to environmental impacts	
306	3	Total number and volume of significant spills	Material		We haven't encountered any significant spillage during 2016 except some minor spillages weighing no more than 5 kg.	
306	4	Weigh of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basal Convention Annex I, II, III, and VIII and percentage of transported waste shipped internationally	Immaterial		We have strict policies against the handling or transportation of hazardous or toxic waste	
306	5	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and run-off	Immaterial		All of our water is discharged through municipal sewage systems	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Products and Services						
301	3	Percentage of products sold and their packaging materials that are reclaimed by category	Immaterial		We do not sell any product - the pouches which make up 99% of our packaging material are degradable	
Compliance						
307	1	Monetary value of significant fines & total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Material	Within our entire operations	This is important to our operations and to our stakeholders	We didn't receive any monetary fines or sanctions for non-compliance with environmental laws and regulations
Transport						
Supplier Environmental Assessment						
308	1	Percentage of new suppliers that were screened using environmental criteria	Material	Outside our operations as it is related to our supply chain	This is important to our operations and to our stakeholders	
308	2	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Material	Outside our operations as it is related to our supply chain	This is important to our operations and to our stakeholders	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Environmental Grievance Mechanisms						
103	2	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	This is important to our operations and to our stakeholders	
Social **Labor Practices and Decent work** **Employment**						
401	1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Material	Within our entire operations, except franchisees	Direct impact on our business and stakeholders, especially employees	We are rolling out our ERP system – once it is in place we will be able to report on turnover
401	2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	Immaterial		Throughout 2016, we did not have any part-time employees	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
401	3	Return to work and retention rates after parental leave, by gender	Material	Within our entire operations, except franchisees	Employee retention is important to us because we aim to provide a comfortable and unique working environment for our employees, investing in them and their capacity. Moreover, in Aramex we seek to provide flexibility for our female employees to encourage their return to work after maternity leave.	
Labor/Management Relations						
402	1	Minimum notice periods regarding operational changes, including those specified in collective agreements	Material	Within our entire operations, except franchisees	Direct impact on our business and stakeholders, especially employees	While we do not prevent them, we currently do not have any collective bargaining agreements. Moreover, whenever we have any operational changes, we meet with related stakeholders to set a plan for the roll-out of these changes

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Occupational Health and Safety						
403	1	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Material	Within our entire operations, except franchisees	The high level of representation of our employees in formal health and safety committees is important as it allows for better decision making in incident prevention mechanisms. We seek to have a safe and healthy environment for our employees. This is important for our stakeholders and the sustainability of our operations.	
403	2	Type of injury and rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities, by region and by gender	Material	Within our entire operations, except franchisees	Direct impact on our business and stakeholders, especially employees	We abide by OSHAS 18001 policies and regulations except when local laws stipulate otherwise
403	3	Workers with high incidence or high risk of diseases related to their occupation	Immaterial		In our operations, we employ strict health and safety measures – our employees do not handle any hazardous or toxic substances and are not exposed to any disease risk factors while on the job.	
403	4	Health and safety topics covered in formal agreements with trade unions	Immaterial		We currently do not have any formal agreements with trade unions. Therefore, this is not applicable	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Training and Education						
404	1	Average hours of training per year per employee – by gender and by employee category	Material	Within our entire operations, except franchisees	Employee training is extremely important for our operations – we are actively engaging our employees and building their capacity, in order to improve our business processes and quality of services. Moreover, investing in our employees' capacity promotes employee retention and more productive working environments	
404	2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Material	Within our entire operations, except franchisees	Employee training is extremely important for our operations – we are actively engaging our employees and building their capacity, in order to improve our business processes and quality of services. Moreover, investing in our employees' capacity promotes employee retention and more productive working environments	
404	3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Material	Within our entire operations, except franchisees	Direct impact on our business and stakeholders, especially employees	100% of our employees receive annual performance reviews as per our HR policies concluded by the end of the first quarter in line with our fiscal year

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Diversity and Equal Opportunity						
405	1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	Material	Within our entire operations, except franchisees	Aramex is a global operation. Diversity is vital to the success of our operations and ensures that the different regions in which we operate are represented in our workforce. Diversity is an important aspect of our sustainability and integration into the communities in which we work.	
405	2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Material	Within our entire operations, except franchisees	Direct impact on our business and stakeholders, especially employees	
Supplier Assessment for Labor Practices						
414	1	Percentage of new suppliers that were screened using labor practices criteria	Material	Outside our operations as it is related to our supply chain	Labor rights are important to us – we strive to ensure that all of our employees and workforce have their rights as per national and international laws and regulations. To that end, we began screening our suppliers so that we could align our supply chain to our principles and standards	
414	2	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Material	Within and outside our operations as it is related to our supply chain	It is important to act on any violations we find while evaluating our supply chain for labor rights. In 2013, our screening did not raise any red flags related to labor practice violations	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Labor Practices Grievance Mechanisms						
103	2	Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	We make an effort to ensure that we protect the labor rights of all of our workforce. Therefore, we ensure that we have a clear labor rights policy, along with a whistleblowing system to report any concerns or grievances – whether related to our operations or those of our suppliers, in order to remedy any issues immediately	
Human Rights						
Investment						
412	3	Total number & percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Material	Outside our operations as it is related to our supply chain	Human rights are vital to us and we strive to uphold human rights principles in all our operations. Therefore, we evaluate our suppliers' compliance with international laws and conventions related to human rights to ensure there are no violations in our supply chain. Human rights violations can impact our operations and stakeholders negatively, which is why we track and prevent any violations	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
412	2	Average hours of training per year per employee – by gender and by employee category	Material	Within our operations, except franchisees	In order to ensure human rights are upheld, we make sure that we communicate their importance to our employees and how they relate to our code of conduct. We make sure that we keep our employees informed in order to avoid any violations	
Non-discrimination						
406	1	Total number of incidents of discrimination and corrective actions taken	Material	Within our operations, except franchisees	We aim to provide a comfortable working environment for our employees. Therefore, we ensure that our stakeholders are aware of the channels available to report any discrimination cases in order that we may be able to investigate and remedy them.	
Freedom of Association and Collective Bargaining						
407	1	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, along with measures taken to support these rights	Material	Within and outside our operations as it is related to our supply chain	It is important for our stakeholders that Aramex does not employ any policies that prevent our employees or suppliers from having the right to join collective bargaining agreements, as we maintain the freedom for our suppliers and employees to join them in countries that allow for this. Formal agreements and collective bargaining can protect employees and safeguard their rights	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Child Labor						
408	1	Operations and suppliers identified as having significant risk for incidents of child labor, along with measures taken to contribute to the effective abolition of child labor	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business and stakeholders	
Forced or Compulsory Labor						
409	1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, along with measures taken to contribute to the elimination of all forms of forced or compulsory labor	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business and stakeholders	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Security Practices						
410	1	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Material	Within and outside our operations as it is related to our suppliers	In order to ensure that they are upheld, we make sure that we communicate with our employees on the importance of human rights and how they relate to our code of conduct. We make sure to keep our employees informed in order to avoid any violations. This includes our security staff, as they are an important aspect of our operations, are constantly on-site and therefore have a high potential to prevent and report any violations	
Indigenous Rights						
411	1	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Immaterial		We do not own or lease land in areas with indigenous populations or that have indigenous rights – therefore this is not applicable to our operations	
Assessment						
412	1	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Material	Within our operations	Human rights are vital to us. We strive to uphold human rights in all of our operations and therefore assess our operations' compliance with international laws and conventions related to human rights to ensure there are no violations in our supply chain operations. Human rights violations can impact our operations and stakeholders negatively – this is why it is important for us to keep track of them and prevent them	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Supplier Human Rights Assessment						
414	1	Percentage of new suppliers that were screened using human rights criteria	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business, stakeholders and supply chain	
414	2	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business, stakeholders and supply chain	
Human Rights Grievance Mechanisms						
103	2	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	Given that we place high value on human rights, we ensure that our stakeholders are aware of the channels available to report any discrimination cases in order for us to investigate and remedy them	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Society						
Local Communities						
413	1	Percentage of operations with implemented local community engagement, impact assessment and development programs	Material	Inside and outside our operations in the countries where we are able to have projects on the ground. The percentage is calculated from operations that have projects on the ground in relation to all operations where we are able to have sustainability projects.	Aramex strives to have a positive impact in all areas in which we operate, as we believe it is vital to engage with local communities and empower them. Our social and sustainability initiatives impact the communities' well-being and enhances our relationships with our stakeholders	Our community beneficiaries exclude children, students, startups and interns (which are accounted for separately).
413	2	Operations with significant actual or potential negative impacts on local communities	Immaterial		Given the nature of our operations, we do not operate any factories or manufacturing facilities that pose health risks, nor do we mine or extract resources, ensuring that our operations do not pose any negative social impacts and have mechanisms in place to report any issues or concerns.	
Anti-Corruption						
205	1	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Material	Within our entire operations	Corruption can have significant legal and financial implications, as well as a negative impact on our stakeholders and on the areas in which we operate. This is why Aramex's compliance and internal audit functions are dedicated to the reduction of risks related to corruption	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
205	2	Communications and training on anti-corruption policies and procedures	Material	Within our entire operations	Corruption can have significant legal and financial implications, as well as a negative impact on our stakeholders and on the areas in which we operate. This is why Aramex's compliance and internal audit functions are dedicated to the reduction of risks related to corruption and to ensuring that our employees are trained and aware of our code of conduct and anti-corruption policies. We also have a whistleblowing policy and mechanism in place to report any incidents.	
205	3	Confirmed incidents of corruption and actions taken	Material	Within our entire operations	Due to the importance of keeping our operations corruption-free we have formal channels to report any cases, along with a comprehensive procedure to investigate and take action against perpetrators	
Public Policy						
415	1	Total value of political contributions by country and recipient/beneficiary	Material	Within our entire operations	As we do not affiliate ourselves with any political or governmental system, we have a strict policy against giving political contributions to governments	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Anti-competitive Behavior						
206	1	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes	Material	Within our entire operations	Direct impact on our business and stakeholders	In 2016, we did not have any legal actions for anti-competitive behavior, anti-trust or monopoly practices filed against us
Compliance						
419	1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Material	Within our entire operations	Direct impact on our business and stakeholders	In 2016, we didn't receive any fines or non-monetary sanctions for non-compliance with laws and regulations, since we did not face any issues of non-compliance
Supplier Assessment for Impacts on Society						
414	1	Percentage of new suppliers that were screened using criteria for impacts on society	Material	Outside our operations as it is related to our supply chain	It is in line with our values and sustainability to ensure that our supply chain does not carry negative social impacts. Therefore, we began evaluating our suppliers on matters related to our code of conduct, which include social issues such as human, labor and child rights	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
414	2	Significant, actual and potential negative impacts on society in the supply chain and actions taken	Material	Outside our operations as it is related to our supply chain	Direct impact on our business and stakeholders	
Grievance Mechanisms for Impacts on Society						
103	2	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business and stakeholders	
Product Responsibility **Customer Health and Safety**						
416	1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Immaterial		We do not produce any products or services that require health and safety impact assessment	
416	2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Immaterial		We do not produce any products or services that require health and safety impact assessment	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Product and Service Labeling						
417	1	Type of product and service information required by the organization's procedures for product and service information and labeling. Percentage of significant product and service categories subject to such information requirements	Immaterial		We do not produce any products or services that require specific labeling	
417	2	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Immaterial		We do not produce any products or services that require specific labeling	
417	3	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes	Material	Outside our organization as it is related to international and national laws and regulations	Direct impact on our business and stakeholders	
102	43	Approach to stakeholder engagement Key topics and concerns raised	Material	Within our entire operations and outside as it is related to our customers	Customer satisfaction is important to Aramex. Therefore, measuring customer satisfaction through these surveys allows us to know more about our services and identify any gaps or needs for improvement. In this way, we are able to maintain positive long term relationships with our customers	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Marketing Communications						
102	2	Sale of banned or disputed products	Material	Within our entire operations and outside as it relates to the international and national laws and regulations	We have strict policies against the sale or transportation of banned or disputed product and we have controls to ensure shipment contents	
417	3	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes	Material	Outside our organization as it is related to international and national laws and regulations	Direct impact on our business and stakeholders	
Customer Privacy						
418	1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Material	Within our organization and outside as it is related to our customers	Directly impacts our customers and our business	In 2016 we did not have any cases
Compliance						
419	1	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Material	Within our organization and outside as it is related to our customers and international and national laws and regulations	Direct impact on our business and stakeholders	

STAKEHOLDER ENGAGEMENT IN DETERMINING MATERIALITY

Our stakeholders are the driving force in determining material aspects of our operations and impacts and, accordingly, our reports. This is achieved through our stakeholder consultation sessions and surveys, gathering feedback which is studied to identify the scope and boundaries of each aspect of our operations. These results enable us to set priorities based on our operations and the economic, environmental and social impacts they have on our stakeholders.

OUR PEOPLE

Our diverse workforce comprises over **14,275 direct** and **3,441 indirect employees** across the globe, which includes **88 nationalities.**

Engagement Type And Frequency

- Annual performance reviews
- Operational, functional and team meetings on a need basis
- Quarterly senior management meetings
- Team brainstorming sessions
- Internal surveys
- Employee social events
- Annual leaders' conferences
- Online communication (social media, email shots, video channels)
- Internal collaboration tools

Priorities

- Job security
- Career development and training
- Competitive wages, fair appraisals and evaluation
- Knowledge sharing, along with clear feedback and communication channels
- Formalized feedback mechanisms
- Clear timelines for addressing communicated concerns

Efforts and Outcomes

- In 2016, we successfully launched our SAP ERP system, which will be rolled out across the network in 2017
- As part of this system, employees are able to manage their HR requests and profiles with greater ease, allowing for more transparency and better communication
- We also launched our e-learning platform to enhance delivery of our training and facilitate continual skill acquisition
- We launched the Human Resources Shared Services Center, which we will keep growing in 2017
- We plan to continue working on performance management enhancement in 2017 - responding to our employees' top priorities, as identified by our employee engagement survey results

For more on our HR and engagement with our workforce, please refer to 23.

OUR CUSTOMERS

We serve **over 95,000 customers** spanning the Middle East, Africa, Europe, Asia, Australia and North America, as well as **over 800,000 “Shop and Ship” customers**.

Efforts and Outcomes

- We are continually optimizing and updating our operations and technology infrastructure to increase efficiency - this includes working towards real-time tracking and improved options for delivery times
- We have strict controls on information security and confidentiality, which are updated and monitored closely by our information security team
- Our revamped website, new applications, additional contact center and customer service resources are in place to ensure a fluid user and customer experience, faster response rates and enhanced service delivery

Engagement Type And Frequency

- Visits from Aramex representatives to customers depending on each clients’ needs and client agreements
- Online communication forums, social media and live chats
- Engagement through our many branches, outlets and customer outlet centers
- Contact centers
- Stakeholder engagement events

Priorities

- Enhancing shipment tracking and timely deliveries
- Ensuring customer privacy in the face of increasing internet security threats
- Enhancing overall customer experience and expediting customer service response

BUSINESS PARTNERS AND SUPPLIERS

Our business partners include airlines, sea cargo carriers and vehicle leasing companies, subcontractors and suppliers.

Engagement Type And Frequency

- Ongoing negotiations, transactions and service provision
- Long-term business relationships with Aramex

Priorities

- Accessibility of new business ventures with Aramex
- Providing increasing value to partners
- Preservation of ethical values
- Sharing sustainability expertise and resources with suppliers and SMEs

Efforts and Outcomes

- Utilizing a supplier evaluation questionnaire, which includes questions related to the supplier's code of conduct and their adherence to international human and labor rights and relevant regulations
- Aramex Franchising and joint partnership opportunities to help gain access to collaborative business ventures, which are accessible on our website
- To help startups and SMEs become more sustainable, the Startup Support Program includes mentorship on sustainability integration to the business model
- We are part of several sustainability and industry groups that aim to raise awareness on sustainability matters and engage with businesses and governments in that realm (page 87).

OUR SHAREHOLDERS

As of **year-end 2016**, Aramex had **21,444 shareholders**, with the largest single shareholder owning **more than 10 percent**.

Engagement Type And Frequency

- 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, as well as improved investor relations and a communication portal on the new Aramex.com website
- Sustained profitability and growth through continual improvement of business and service delivery. Sound business integrity, ensuring compliance with international laws and regulations, engagement with the community and solid sustainability strategy and practices

OUR COMMUNITY

This relates to the broader society to which Aramex services and connections extend. This community includes over 60,000 beneficiaries of our 2016 projects and programs, and more than 100 sustainability partners

Engagement Type And Frequency

- Direct meetings
- Ongoing interaction through social media and feedback channels
- Stakeholder engagement sessions
- Ongoing communication with NGOs to proactively respond to any concerns or enquiries
- Collaboration with institutions and networks, with a focus on community programs
- Our annual integrated report

Priorities

- Capitalizing on our unique current social investment model to adopt inclusive business principles, recruiting from low-income communities and outsourcing services from SMEs
- Enhancing stakeholders' awareness of Aramex's social investment efforts, not only to encourage them to follow its path, but also to mobilize more resources and partners in support of our work

Efforts and Outcomes

- We initiated the process of impact assessments and measurement of social return on investment to better gauge our impact and manage our social investments accordingly
- We continued with the Startup Support Program and franchising model in order to encourage entrepreneurship and economic growth in marginalized and low income areas
- We continued with our global sustainability efforts (page 38)
- We enhanced our communications on sustainability via social media, our annual report micro-site and a revamped website.

OUR ENVIRONMENT

Our direct and indirect spheres of impact include environmental organizations and partners, as well as stakeholders concerned with our carbon footprint.

Engagement Type And Frequency

- Direct meetings with related stakeholders
- Ongoing interaction through social media and feedback channels where required
- Ongoing communication with NGOs to proactively respond to any concerns or enquiries
- Environmentally-focused collaboration with institutions and networks
- Measurement and management of our carbon footprint
- Our annual integrated report

Priorities

- Increase reliance on environmental friendly alternatives, such as renewable energy and water recycling
- Share environmental targets and efforts externally and internally on a more regular basis
- Expand efforts to engage our supply chain through training, advocacy and creation of networks
- Share information about where environmentally sustainable materials are sourced, in order to enable other companies to adopt similar practices
- Work towards zero waste
- Re-use packaging materials

Efforts and Outcomes

- Investment in renewable energy, green buildings, alternative fuels and fuel efficient vehicles, alongside recycling and waste reduction initiatives (page 43)
- Enhanced communication regarding our environmental efforts
- Active participation in several environmental, sustainability and industry groups to share our experience and advocate environmental responsibility (page 48)

Compliance

Aramex's Compliance Program strives to ensure that Aramex maintains a culture of respect, honesty and integrity.

Management involvement and support influence the program's core objective of ensuring that each employee is able to recognize and avoid situations that might compromise Aramex's integrity.

The Program has the support of leadership, demonstrated by a reporting structure that gives Aramex's Compliance Function direct access to senior leadership and the Board. The Program has been created to provide the support and tools necessary to fulfill expectations that every staff member acts with honesty and integrity while performing their work.

Aramex's code of conduct sets forth our endeavor to build an organizational culture that guides our actions and decision-making in a way that is rooted in what is fair and ethical, and which promotes a dignified life for all people. Aramex's code of conduct is the platform that paves the way for operating globally and interacts with our employees, agents, suppliers, customers and all of our stakeholders, resulting in:

- Accountable, transparent, respectful, fair and professional business practices.
- Reliability and integrity of financial and operational information.
- Safeguarding of assets.
- Compliance with laws, regulations, policies, procedures and contracts.
- Healthy and sustainable growth of business.
- Incorporation of compliance into the day-to-day operations in every aspect of the business (i.e. culture, people, communication, policies, procedures, governance and strategy).
- Safe, equitable, secure, fair and healthy working conditions.

Moreover, with the assistance of a reputable independent audit firm, Aramex has expounded the code of conduct into single policies to ease the embedment of compliance into day-to-day work and to enhance the internal learning process.

The single policies are as follows:

- Trade compliance.
- Improper gifts, entertainment and payments.
- Legal licensing.
- Human and labor rights.
- Conflict of interest.
- Anti-competition and anti-trust.
- Confidentiality.
- Charitable donations and sponsorships.
- Anti-money laundering.
- Due diligence.
- Non-discrimination and equal opportunity.
- Political contributions and involvement.

In addition, we are in the process of updating the following corporate compliance policies:

- Improper gifts, entertainment and payments
- Conflict of interest
- Anti-money laundering
- Due diligence
- The Aramex Code of Conduct

These corporate compliance policies are intended to strengthen our corporate culture with up to date practices in regards to applicable laws and regulations.

Where policies, procedures and internal controls do not offer clear guidance for a particular course of action, employees and leaders are expected to honor the spirit of the code, and/or to seek advice.

The code of conduct and related policies are easily accessible, both internally and externally. Moreover, and in an effort to ensure better understanding and implementation of Aramex's code of conduct, we continued our classroom and online training efforts, reaching 64% of total headcount as of December 31, 2016.

COMPLIANCE TRAINING SUMMARY

Total Headcount	Class Room Training	Online Only Training	Total Trained	%
17,279	9,694	1,423	11,117	64%

We have demonstrated our genuine beliefs in our code of conduct by complying with international and national regulations and standards, which include (but are not limited to):

- The World Economic Forum's Partnering Against Corruption Initiative (PACI) which was launched in 2004 with the aim of consolidating industry efforts to fight corruption.
- UK bribery act.
- US foreign corruption practice act (FCPA).
- AccountAbility principles standards AA1000.
- International Labor Organization (ILO).
- UN Declaration on Human Rights.
- Environmental standards.
- Other applicable international and local laws.

Our code of conduct and policies are located at: https://www.aramex.com/about/compliance

Our compliance program continues to refine its infrastructure and address active compliance issues, as well as updating and creating new policies to minimize risk.

This is an exciting time for the program, as existing management systems are increasingly utilizing the program as a resource. We will continue to enhance the program and spread awareness while concentrating on active assessment and monitoring of compliance risks.

We are committed to upholding human rights in all of our locations. As part of this commitment, we assessed all Aramex locations and operations across the globe for risks related to human and labor rights violations, as well as risks related to corruption. Aramex's security team has received code of conduct training, including an entire comprehensive section regarding human and labor rights. While we do not offer training to suppliers and/or customers, we are in the process of adding the human rights clauses, along with other code of conduct related clauses, to our contracts, as well as in the form of a questionnaire to suppliers and subcontractors. This includes any third party security providers.

COMPLIANCE ACROSS OUR SUPPLY CHAIN

In 2016, we have implemented and unified our Supplier Evaluation Form, which surveys our suppliers' compliance-related issues including human and labor rights, anti-corruption and anti-bribery, as well as social and environmental criteria such as the application of environmental management systems and community engagement. Moreover, we ensure the evaluation of major new suppliers with the use of a supplier evaluation questionnaire. Since June 2013, Aramex's major locations have been dedicated to utilizing the suppliers' questionnaire during the commencement process. We are expanding our coverage during 2017.

The purpose of this questionnaire is to ensure that our suppliers and subcontractors are in compliance with internationally-recognized human and labor rights, anti-corruption and anti-bribery laws and standards in all business and non-business aspects. Where we find gaps in the application of such controls, we work with the suppliers to set plans to amend them. Moreover, we make sure to share our policies against the use of forced or child labor with our business partners, and to raise awareness on the matter throughout our business circles.

During 2016, we extended the domain coverage of third parties' due diligence and engaged with a reputable provider in this field for complicated cases. Also, we have completed the screening process of our existing suppliers' database against global trade regulations and export controls. Going forward, we will start utilizing our new screening software for regular screening of our customers and suppliers to better ensure compliance with these regulations.

To our knowledge, there have been no cases of human rights, child labor or compulsory and forced labor violations within our supply chain. In addition, in 2016, we did not have any human rights, forced or child labor grievances or concerns related to our operations. Furthermore, we are not aware of any concerns of human rights, forced or child labor violations related to our suppliers and did not receive any complaints through our formal grievance channels, nor did we identify or receive any reports of negative social impacts, either due to our operations or in our supply chain.

We did not identify any issues of significant negative impacts on the environment, beyond the emissions that result from the use of airlines, sea lines and road freight to transport our shipments and provide services to our clients. We account for these impacts along our supply chain through calculation of our scope 3 carbon footprint and are actively working to reduce our emissions and environmental impacts, read more about our environmental commitments on page 43.

TRADE COMPLIANCE INITIATIVES

We are committed to continually strengthening our controls on exports throughout the network. We procured a reliable Persons Screening solution in 2016, which is a critical solution to safeguard our company, customers and suppliers from dealing with restricted parties. We have also set up a review team for all Freight shipments moving into embargoed countries and plan to start similar reviews for Express shipments in 2017.

Our trade compliance program is capable of adapting to the ever-changing risks in the global markets and has allowed us to support and protect our customers' interests.

To learn about our Whistleblowing policy please refer to page 95

Associations and Certifications

We belong to a wide array of industry forums, NGOs and foundations. These range from membership of international bodies such as the World Economic Forum (WEF), through to being IATA-approved freight agents and a founding member of the Express Global Distribution Alliance (GDA).

Memberships		
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)	Founder
	World Freight Alliance (WFA)	President
	Freight Forwarding Syndicate	Member
	Fenex	Member
Logistics and Ground Operations	Supply Chain and Logistics Group	Member

Express	Global Distribution Alliance (GDA)	Founder
	Express Delivery and Logistic Association	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
	Customs Trade Partnership Against Terrorism (C-TPAT) – USA / Customs Dept.	Aramex NYC is a member
	Department for Transport (DfT) – UK	TwoWay and Priority are listed agents
Environment	Arab Forum for Environment and Development (AFED)	Member
Others	KAMCO: Brokerage – USA	Member
	ABANA: Association of Arab Banks for North America	Member
	MCAA: Messenger Courier Association of America	Member

Forums, Foundations, Associations, and NGOs	
INJAZ	INJAZ al-Arab covering the Middle East
United Nations Global Compact (UNGC)	Members since 2007, we are now involved in human rights, anti-bribery and anti-corruption working groups
United Nations Caring for Climate	Signatories
World Economic Forum (WEF)	Global Corporate Citizenship Initiative Advisory Committee Partnering Against Corruption Initiative (PACI) Sustainability work stream working on Supply Chain De-carbonization
The Arab Foundation for Sustainable Development "Ruwwad"	Founder
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 operations	Member
Women Against Violence Conference – Amman-Jordan Women Against Violence Association (WAV) (www.womenav.org)	Supporter
Arab Distributors Conference in Lebanon	Member
Digital Opportunity Trust DOT	Board Member

Certifications
ISO 14001 Environmental Management Systems *(21 locations)*
OHSAS 18001 Occupational Health and Safety Management Systems *(21 locations)*
ISO 9001 Quality Management Systems *(30 locations)*
Leadership in Energy and Environmental Design *(1 location)*
The International Standard for Service Excellence *(7 locations)*

Reporting Process

This is our 7th integrated report and 11th sustainability report. We have prepared this report in accordance with the 'comprehensive' option of the GRI standards.

Our reporting process displays a robust and focused coverage of the various aspects of our operations and management techniques, providing us with a tool to measure and monitor our operations.

DETERMINING OUR PRIORITY ISSUES

When determining our priority issues we undertake a comprehensive approach, considering three main aspects:

We believe that considering the above aspects results in successfully defining our priority and material issues, as well as defining boundaries to ensure that we address them effectively and provide a wealth of information concerning our activities and compliance – along with any significant economic, environmental and social impacts that are material to our operations and their overall impact.

Material and priority issues are those that have significant impact on our operations as well as issues or aspects that are impacted by our activities.

We have identified all of our key stakeholders inclusively and continue to engage with them effectively. This is achieved through diverse, tailored tools and requests for feedback on our materiality, sustainability and reporting. The feedback received is carefully mapped in relation to our operations and industry. This process is fundamental to our holistic approach, ensuring that no stakeholder is neglected when considering our impact and, most importantly, identifying material issues and how to best address them. For more details on our stakeholder engagement activities, please refer to the stakeholder engagement section, page 50.

These material aspects examine factors that are critical to our success and sustainability, including not only our corporate culture and existing systems within the company, but also the potential of our core competencies to contribute to sustainable development.

We have also examined global sustainability trends alongside the regional and local contexts in which we operate. In doing so, we can identify the different priorities and communicate how we have attempted to address these issues from multiple perspectives.

With these three dimensions in mind, we assessed the boundaries of each material aspect by mapping our operations and where each aspect and its impacts occur. Aspect boundaries are either within or outside our organization - or relevant to both. For aspects whose boundaries occur within our operations, this includes all entities, except our franchisees. Aspect boundaries, whether within or outside of our operations, occur across all geographical locations.

Ensuring Quality in our Sustainability Reporting:

We utilize the GRI Reporting Principles for Defining Quality, which include:

- **Balance:** We have achieved balance by reporting and evaluating our performance based on material issues and future targets, presenting both our positive performance, as well as focus areas that require improvement and re-evaluation.
- **Comparability:** We have provided year-on-year data and followed GRI Indicator Protocols wherever appropriate.
- **Accuracy:** We aim to achieve maximum accuracy in our data and always clearly identify where estimations or limitations exist in our published figures.
- **Timeliness:** We are now committed to reporting our sustainability performance on an annual basis.
- **Clarity:** Throughout the report, we clearly illustrate our sustainability performance and related projects. This year we measured against the targets established by previous reports.
- **Reliability:** This report has undergone third-party assurance, according to the parameters expressed in the assurance statement.

MEASURING AND MANAGING OUR GREENHOUSE GAS (GHG) EMISSIONS:

This is our sixth year of annual reporting on our GHG emissions. Details of our GHG emissions can be found on page 43. In calculating our carbon footprint, we have adhered to the principles contained in the GreenHouse Gas (GHG) Protocol accounting tool, which has been developed by the World Business Council for Sustainability Development (WBCSD) and the World Resources Institute (WRI). We utilize an operational control approach to measure our emissions, with 2012 being our base year for all purposes of comparison and goal setting.

- **Reporting boundaries:** Unless otherwise indicated, the data in this report covers all of our operations in all regions. The only exceptions to this are our franchise operations - while the financial data presented includes our proceeds from franchises, it does not include human resource data from franchisees.
- **Limitations:** Being a light-asset company, Aramex utilizes the services of transportation providers, such as airlines, sea lines and vehicle leasing companies. Furthermore, we rely on local sub-contractors for the pickup and delivery of express packages in certain markets – most notably India. For more on our supply chain, refer to page 11. Given this business model, we rely on estimates and data provided by suppliers for our scope three emissions, which account for emissions that take place outside our company as a direct result of our operations. We are often limited by the data provided by our suppliers, but diligently work towards ensuring the accuracy and completeness of all data collected. At present, our fuel consumption calculations (from which emissions are derived) include only fuel used by our owned and leased vehicles.
- **Data Measurement Techniques:** Unless otherwise stated, indicators provide global coverage, subject to the reporting boundaries and limitations outlined above. We strive to provide accurate and comprehensive data and therefore have different controls, data collection and management systems in place. However, despite our efforts, the precision of different indicators may vary. Data measurement necessarily involves some level of estimation. Wherever estimations have been made, we have provided an explanation, including the level of accuracy and the approach to data collection used to produce the relevant indicator.

Disclosures on Management Approaches

ECONOMIC

In managing our economic inputs, outputs and impacts, we have a set of policies and standard operating procedures which apply to all of our entities that are 100% financially controlled.

Our policies relate to financial and economic impacts, including regulating gifts, entertainment and hospitality, as well as charitable donations and giving, ensuring that we do not receive or give any funds to the government. We have strict controls against money laundering and conflict of interest. We also have a socially responsible procurement policy, in which we prioritize purchasing from local suppliers, startups and SMEs.

We have demonstrated our genuine belief in our Code of Conduct by complying with international and national regulations and standards, which include (but are not limited to):

- The World Economic Forum's Partnering Against Corruption Initiative (PACI) which was launched in 2004 with the aim of consolidating industry efforts to fight corruption
- UK Bribery Act
- US Foreign Corruption Practice Act (FCPA)
- The AA1000 AccountAbility Principles Standard
- International Labor Organization (ILO)
- UN Declaration on Human Rights. Environmental Standards
- Other international and local laws

We also make sure that our services are provided in accordance with international regulations related to marketing, advertising and product labeling (page 33), as well as protecting our customers' privacy and information security through a variety of mechanisms and policies.

Economic matters are handled by our Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, The Vice President of Legal Affairs, and Chief Risk and Compliance Officer.

For more information on our targets and outlook for 2017 please refer to our CEO letter page 7.

If any grievances occur, we have a whistleblowing system in place to record and respond to them appropriately (page 95).

SOCIAL

In managing our social impacts, whether internally as they relate to our workforce, or externally as they relate to our community at large, we make sure that we have relevant processes and policies in place.

Human Resources matters are managed by our Chief HR Officer. As part of our Code of Conduct, our HR policies include controls on equal remuneration for women and men, protecting diversity and allowing our employees the right to collective bargaining.

For more on our workforce and HR refer to page 23.

We also continue to abide by all human and labor rights, ensuring that we fight against child and compulsory labor, human trafficking and any other human rights violations. We adhere to the UN conventions on Human and Labor Rights, Gender Equality, Persons with Disabilities and relevant regulations.

We run periodic audits of Aramex facilities in accordance with Social Accountability International (SA8000 Standard) guidelines to ensure that all of the correct procedures and policies are followed. Action plans are developed for each station and followed up by our Human Resources and Sustainability teams.

Furthermore, we are active members of the United Nations Global Compact, abide by the regulations of the ILO and are working towards Sustainable Development Goals. For more on our sustainability advocacy, refer to page 48.

To ensure that our impacts on communities are positive, we budget 1% of pre-tax profit each year for sustainability projects across our network. These projects focus on 3 pillars:

1. Youth Education and Empowerment
2. Entrepreneurship
3. Environment

Our sustainability programs are managed by our Chief Sustainability Officer.

We have a clear and standardized procedure for sustainability and community projects and partnerships. This includes working only with apolitical and areligious organizations and moving away from sponsorships, to adopting an investment and partnership model through engaging our employees in each project.

In order to ensure that we are responding to any community and social concerns, we have a whistleblowing system in place (details page 95).

Goals & Targets

- 5% beneficiaries annually
- Revise all policies and procedures related to human and labor rights to make sure they are aligned with international laws
- Develop mechanisms to evaluate our supply chain on human and labor rights according to our Code of Conduct

For more on sustainability please refer to page 38.

ENVIRONMENT

Being in the transportation industry, we are aware of our negative impacts on the environment, mainly related to our Green House Gas (GHG) emissions, energy use, packaging materials and waste.

Our environmental programs and initiatives are managed by our Chief Sustainability Officer.

In order to manage and minimize those impacts, we have policies, procedures and projects in place to guide our operations in an environmentally friendly and sustainable manner. Our policies, such as the Aramex Environmental Policy and Socially Responsible Procurement Policy, have been developed in a way that abides by all international, regional and local environmental regulations, laws and standards. This ensures that we manage our facilities and operations in a responsible manner, utilizing innovative technology and alternative and renewable energy sources, purchasing energy efficient electronics, favoring 'reduce, reuse, and recycle' materials and promoting a 'green' corporate culture as well as raising awareness on environmental matters.

Since we have met our goal of cutting our carbon emissions per shipment by 20% by 2020, we are committing to an additional 20% decrease of carbon emissions from our own operations.

We are part of the steering committee of the Caring for Climate initiative and are committed to utilize Leadership in Energy and Environmental Design (LEED certification) and ISO 1400 environmental management systems at our facilities. We are also observers to the Paris Climate Change Agreement Certification, committed to ensuring that countries submit documentation related to their efforts to combat Climate Change.

For information on our environmental projects refer to our environmental commitments on page 43.

In order to ensure that we are responding to environmental concerns, we have a whistleblowing system in place (details page 95).

Measurement and Evaluation of Management Approaches

We measure our performance and effectiveness in managing economic, social and environmental aspects and impacts through a number of mechanisms, including:

- Stakeholder engagement surveys and consultations
- Internal and external audits
- Internal evaluation mechanisms and KPIs
- Budgets and project timelines
- Specialized committees on different aspects, for example: grievance committee, HSE committee, special project committees.
- Annual reports and internal reporting mechanisms
- Whistleblowing system

WHISTLEBLOWING POLICY

Aramex's whistleblowing policy provides guidelines to Board Members, employees, customers and other stakeholders to report any cases of possible fraud, irregularities or grievances related to our code of conduct or the economic, social and environmental performance of Aramex.

We encourage our employees and stakeholders to use the whistleblowing system and provide sufficient training for them to report any incidents that they encounter.

For external concerns and complaints, we have a dedicated email address to which the general public can report any issues which will then be dealt with by the same mechanism as internal complaints.

Cases that are reported by Aramex's whistleblowing system are dealt with immediately by an independent committee that investigates each case through to a final conclusion. Once the investigation is complete, the HR representative will discuss the results of the investigation with the complainant and any other concerned parties. Should any party be dissatisfied, they have the right to appeal within 10 working days from the date of the investigation being completed.

This appeal will be forwarded to the Regional HR Manager and Regional Area Manager. Depending on the case, there are a number of corrective actions that may be undertaken. These range from, but are not limited to, oral warning, suspension without pay, requirement to undertake business ethics training or any other related training deemed necessary, loss of employment, civil and criminal liability or local legal action.

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Aramex

Mar 2017 Service

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103-2	The management approach and its components	93-95		
413-1	Operations with local community engagement, impact assessments, and development programs	38-49		Yes

413-2	Operations with significant actual and potential negative impacts on local communities	43, Given the nature of our operations, we do not operate any factories or manufacturing facilities that pose health risks, nor do we mine or extract resources, ensuring that our operations do not pose any negative social impacts and have mechanisms in place to report any issues or concerns.		
205-1	Operations assessed for risks related to corruption	72, 83-84		
205-2	Communication and training about anti-corruption policies and procedures	73, 83-84		
205-3	Confirmed incidents of corruption and actions taken	28, None		
415-1	Political contributions	22, 52, 84, 94, None		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	21, 52,74, None		
419-1	Non-compliance with laws and regulations in the social and economic area	33, 47, 77		
414-1	New suppliers that were screened using social criteria	71		
414-2	Negative social impacts in the supply chain and actions taken	43, 45-47, 86, 87, 93-94		
103-2	The management approach and its components	93-95		
416-1	Assessment of the health and safety impacts of product and service categories	We do not produce any products or services that require health and safety impact assessment	NA	

416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	We do not produce any products or services that require health and safety impact assessment	NA	
417-1	Requirements for product and service information and labeling	We do not produce any products or services that require specific labeling	NA	
417-2	Incidents of non-compliance concerning product and service information and labeling	We do not produce any products or services that require specific labeling	NA	
"102-43 102-44"	"Approach to stakeholder engagement Key topics and concerns raised"	50-82		
102-2	Activities, brands, products, and services	3,4,9-11		
417-3	Incidents of non-compliance concerning marketing communications	33		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	77, 79, 93, In 2016 we did not have any cases		
419-1	Non-compliance with laws and regulations in the social and economic area	28, 33, 47, 74		

aramex

UNGC and SDG Index

WE SUPPORT

United Nations Global Compact Principles	
Principle	**Section**
Human Rights	
1	Our People, Compliance , Disclosures on Management Approaches
2	Our People, Compliance , Disclosures on Management Approaches
Labor	
3	Our People, Compliance
4	Our People, Compliance
5	Our People, Compliance
6	Our People
Environment	
7	Sustainability, Our Environmental Commitment, Disclosures on Management Approaches
8	Sustainability, Our Environmental Commitment, Disclosures on Management Approaches
9	Sustainability, Our Environmental Commitment, Disclosures on Management Approaches
Anti-Corruption	
10	Compliance, Disclosures on Management Approaches

Sustainable Development Goals	
Goal	**Section**
“SUSTAINABLE DEVELOPMENT GOAL 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.”	Youth Education and Empowerment
“SUSTAINABLE DEVELOPMENT GOAL 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”	Our people, Entrepreneurship
“SUSTAINABLE DEVELOPMENT GOAL 13 Take urgent action to combat climate change and it’s impacts”	Our Environmental Commitment
“SUSTAINABLE DEVELOPMENT GOAL 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development”	Sustainability Partnerships, Support, and Advocacy

Appendices

BREAKDOWN OF NEW HIRES BY REGION, GENDER AND AGE

Age	%
18 - 25	27.45%
26 - 40	63.84%
40 +	08.71%

NEW HIRE PER REGION

Region	%
Africa	30.7%
Australia	00.3%
Europe & North America	08.8%
Far East	05.7%
GCC	34.7%
Indian sub-continent	05.4%
Levant	14.5%

NEW HIRE PER GENDER

Gender	%
Female	20.50%
Male	79.50%

NEW HIRES PER TEAM

Gender	%
Operation	58%
CRM	28%
HR	01%
ACC&FIN	4%
ADMI & MAN	07%
IT	01%

DIRECT VS. INDIRECT EMPLOYEES

Direct employees	14275
Indirect	3441

RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER AT SIGNIFICANT LOCATIONS OF OPERATION

Country	Local Currency/ Month	Ratio (Female To Male Wage)
Jordan (Jod)		
Entry Level		
Female	300	1.25
Male	240	1
5-Years' Experience		
Female 566.09 (Jod) 1.03	551	1
Male 551.94 (Jod) 1	1	1
United Arab Emirates (Aed)		
Entry Level		
Female	4967	
Male	4967	
5-Years' Experience		
Female	7351	1.17
Male	6259	1
South Africa (Zar)		
Entry Level		
Female	7095	1
Male	7095	1

5-Years' Experience		
Female	12047	
Male	12047	
Netherlands (Euro)		
Entry Level		
Female	20168	1
Male	20168	1
5-Years' Experience		
Female	500	1.25
Male	438	1
Bahrain (BHD)		
Entry Level		
Female	300	1
Male	250	1.2
5-Years' Experience		
Female	500	1.14
Male	438	1

Hong Kong (HKD)		
Entry Level		
Female	1200	1.14
Male	1050	1
5-Years' Experience		
Female	15000	1
Male	15000	1

RATIOS OF LOCAL MINIMUM WAGE BY GENDER COMPARED TO STANDARD ENTRY LEVEL WAGE

Country	Local Minimum Wage		Aramex Entry Wage	
JORDAN				
MALE	1	:	1.26	
FEMALE	1	:	1.58	
United Arab Emirates (AED)				
N/A				No minimum wage specified by law

Egypt				
Male	1	:	4	
Female	1	:	4	
India				
Male	1	:	1.6 - 2.5	Depending on region
Female	1	:	1.6 - 2.5	Depending on region
South Africa				
N/A				No minimum wage specified by law
Ireland (INR)				
Male	1	:	1.7	
Female	1	:	1.8	
Netherlands (EURO)				
	1	:	1.06	
	2.3	:	1.06	
Bahrain (BHD)	N/A No minimum wage specified by law			
Hong Kong (HKD)				
Male	1	:	2.02	
Female	1	:	2.3	

EMPLOYEE TRAINING

Category & Gender	Headcount[1] 2016	Total training hours from training records in 2016[2]	Average # of Training Hours in 2016
Males (Non-Ground Courier)	8,860	87,240	9.84 Hrs. / Male
Ground Couriers	3,200	14,756	4.61 Hrs. / Ground Courier
All Males (Including Ground Couriers)	12,060	101,946	8.45 Hrs. / Male
Females (All Categories)	2,215	32,416	14.70 Hrs. / Female
Average Training Hours per employee	14,275	134,363	9.45 Hrs. / Employee

MATERIAL USE

Material	Unit
AWB	7366
Envelope	8818
Flyers	13116
Labels	7117
Stickers	5948
Tape	2531
Bag Seals	4961
Box	25009

Bag	2527
BIO	3150
Data Loggers	6
URBAN MUTED BLACK CT BP	27
BAG Tag	12
Branded gel packs for BioCare Box	19141

Waste Recycled	
Paper (Reams)	78301
Plastic (KG)	500
Cardboard(KG)	8970
Wood (KG)	180
Plastic Wrap (KG)	2561
Red Plastic Bags	962
Wooden Pallets	4074

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Independent Assurance Statement

09 March 2017

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

The Aramex 2016 Sustainability Report has been prepared as a part of the Integrated Report ("the report") by the management of Aramex, who are responsible for the collection and presentation of the information reported. Our responsibility, in accordance with Aramex management's instructions, is to provide a limited level of assurance on 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 sustainability performance, except for the aspects outlined in the scope below.

Scope of Assurance

The scope of our assurance covers the following:

- Data and information relating to the Company's sustainability performance for the period 1 January 2016 to 31 December 2016, specifically the sustainability performance indicators listed below for the Company's two selected sites, i.e., Bahrain and Dubai (UAE);

GRI Standard Disclosure	Description
202-1	Ratios of standard entry level wage by gender compared to local minimum wage
202-2	Proportion of senior management hired from the local community
302-01	Energy consumption within the organization
305-01	Direct (Scope 1) GHG emissions
305-02	Energy indirect (Scope 2) GHG emissions
305-03	Other indirect (Scope 3) GHG emissions
305-07	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions
403-02	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
404-03	Percentage of employees receiving regular performance and career development reviews
413-01	Operations with local community engagement, impact assessments, and development programs

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- The Company's internal processes and controls relating to the collection and collation of above mentioned sustainability performance data; and
- Carbon footprint data, including Scope 1, 2 and 3 data, according to World Business Council on Sustainable Development (WBCSD) GHG Protocol (2008).

Level of Assurance and Criteria used

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 evidence gathering process was designed to obtain a 'limited' level of assurance as set out in ISAE 3000 for the purpose of devising our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided for the GRI standard aspects described under the scope of work.

Our Approach and Methodology

In order to understand the process used by the Company to ascertain key sustainability issues and impacts, we reviewed the Sustainability Reporting process and the documentation associated with the stakeholder engagement survey that was performed by the Company. Our assurance team also visited the Company's stations in Bahrain and Dubai (UAE) to review the selected topic-specific disclosures outlined in the *Scope of Assurance* above to review systems and processes for collecting, collating and reporting sustainability and carbon footprint data. Evidences in support of the selected claims made in the Report were reviewed and clarifications sought where necessary. Our key steps were as follows:

- Engagement with key selected personnel to understand existing processes and controls for related sustainability activities;
- Engagement with the Chief Sustainability Officer and the Sustainability Team to understand current status of sustainability activities.
- Review of selected topic-specific data as per GRI standards mentioned under scope of assurance for the specified locations.
- Review of carbon footprint assessment, including conversion factor application, data review and scope/boundary application as per WBCSD GHG Protocol (2008) for the purpose of the carbon footprint data contained in the Report.

Our Assurance Team

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our MENA Climate Change and Sustainability Services Team, who have undertaken similar engagements with a number of other regional and global businesses.

Our Independence

This is the eighth year that Ernst & Young (Jordan) has provided independent assurance services in relation to Aramex's sustainability disclosures. We have provided no other service relating to Aramex approach to sustainability disclosures.

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Limitations of Assurance

The assurance scope excludes:

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

Observations

Our observations and main areas of improvement on the Report are as follows:

- The Company engaged their internal and external stakeholders by conducting three workshops in Singapore, Hong Kong and Sri Lanka. This was done to enhance the engagement and involvement of their stakeholders and to identify the material sustainability issues. The company is encouraged to continue this practice and extend it to other significant areas of operation.
- The company has several programs to support the communities but currently does not measure the impact of these programs either before or after their implementation. Our recommendation is to measure the impact of these initiatives either by using a social return on investment (SROI) measurement technique, or any other applicable concept.
- The calculation of commuting emissions depends on engaging the company's employees so to have more significant and accurate involvement. Our recommendation is that Aramex use a web based tool to engage with those who do not have email accounts. This would help to mitigate human error in the data collection and analysis process.

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 Carbon footprint data and information are reliable and complete.

For Ernst & Young

Mohammad Al-Karaki
Partner

Aramex PJSC and its subsidiaries Consolidated Financial Statements

31 DECEMBER 2016

aramex (PJSC) ارامكس (ش م ع)

Dear Shareholders,

2016 was a great year for Aramex, despite the global economic uncertainties; we were able to achieve a record-breaking financial performance and solid revenue growth. This clearly reflects our robust business model, financial strength, and commitment to growing shareholders' value.

Aramex's Full Year Revenues in 2016 increased by 16% reaching AED 4,343 million, compared to AED 3,755 million in 2015. Q4 Revenues saw double-digit growth of 18% to AED 1,158 million, compared to AED 982 million in Q4 of 2015. The Company's 2016 Full Year Net Profits increased by 37% to AED 426.6 million, compared to AED 311.3 million in 2015. Q4 Net Profits reached AED 131.8 million, which represents an increase of 129%, compared to AED 57.6 million in Q4 2015.

This strong performance was mainly driven by the healthy growth in Aramex's international and domestic express and supply chain services across key geographies. These results have put us in a strong position to deliver on our ongoing business strategy as we move forward with our growth plans.

Moving forward, we will continue to focus on investing in the latest technologies to strengthen our position as the disruptive leader in the global logistics and transportation industry. We will also be pursuing strategic partnerships with logistics and technology focused companies around the world to extend our global reach, further enhance our business operations and optimize our last-mile delivery solutions.

We extend our thanks and greatest appreciation to our shareholders, Board of Directors, the management team, business partners and customers for their confidence in us, and the continued support.

Sincerely,

A. Mazrui

Abdullah M. Mazrui
Chairman

Hussein Hachem
Chief Executive Officer

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAMEX PJSC

Report on the audit of the consolidated financial statements

Opinion

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 2016, and the consolidated income statement, consolidated statement of other 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Revenue recognition

The Group focuses on revenues as a key performance measure and as a driver for growth and expansion. Due to the materiality of the amounts involved, diversity of the Group's geographical footprint, and susceptibility of such revenues to overstatement and fraud risk, we assess revenue recognition as a key audit matter.

To address the above risks, our audit procedures included, amongst others, considering the appropriateness and testing the consistency of the Group's revenue recognition accounting policies, as well as assessing the compliance of such policies with the applicable International Financial Reporting Standards. We have evaluated the control environment and tested internal controls over the completeness, measurement and occurrence of revenue recognized. We obtained a representative sample of transactions and tested their proper recording and recognition. In addition, we selected a sample of transactions before and after the 31 December 2016 cut-off date to check proper recognition.

We performed, as well, substantive analytical procedures and data analytics on monthly gross margins and revenues to identify inconsistencies and/or unusual movements during the year.

Goodwill impairment

Under IFRSs, the Group is required to annually test goodwill for impairment. This annual impairment test was significant to our audit because the balance of AED 1,084 million as of 31 December 2016 is material to the financial statements. In addition, management's assessment process is complex and highly judgmental, and is based on assumptions, specifically the discount rate and the growth rate estimates which are affected by expected future market or economic conditions. Any changes in assumptions could result in impairment of the goodwill. Accordingly, we consider impairment testing of goodwill to be a key audit matter.

Our audit procedures included, among others, using our valuation experts to assist us in evaluating the assumptions and methodologies used by the Group, in particular those relating to discount rates, forecasted revenue growth and profit margins for the cash generating units. We also focused on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill. The Group's disclosures about goodwill are included in Note 5.

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

Report on the audit of the consolidated financial statements (continued)

Key audit matters **(continued)**

Employees' benefit liability
The Group has awarded phantom shares to senior executives under a long-term incentive plan. The scheme is cash-settled on vesting date and, accordingly, the annual expense charge to the income statement is subject to change based on certain assumptions, such as share price on vesting date and volatility of share price. Charge for the year amounted to AED 47.6 million, and the balance of accumulated liability as of 31 December 2016 amounted to AED 75 million (Note 24).

Management performs a quarterly assessment of the expense and related liability using the binomial model. Management's calculations are considered significant to our audit because the assessment process is complex and includes estimates and assumptions. Any changes in assumptions could result in material changes to the liability and/or related expense amount.

To address the above risks, we have deployed the assistance of our valuation specialists to evaluate and challenge management's assumptions, including those used in the assessment of expected vesting price, risk free interest rate and expected volatility, as referred to in note 24.

Business combinations
The Group is expanding through the acquisition of new subsidiaries and step up acquisitions in existing markets. The Group assesses the fair values of assets, liabilities and contingent liabilities acquired using internal resources. Certain balances are determined based on estimates and assumptions about the future performance of the acquired businesses. As there is a significant level of judgment involved in estimating the fair value of intangible assets identified and resultant goodwill, we consider this area to be a key audit matter. Any changes to estimates and assumptions could result in material misstatement to the amounts involved and potential impairment thereon.

To address these risks, we challenged the assumptions and methodologies used by the Group to assess the reasonableness of fair values of assets (including intangibles), liabilities, contingent liabilities and goodwill on the business combination. We used our internal valuation specialists to assist us in considering the approach taken by the Group and assessed key assumptions and obtained corroborative evidence for the explanations provided by comparing key assumptions to market data, underlying accounting records, past performance of the acquired business, our past experience of similar transactions and the Group's forecasts supporting the acquisitions. We have also considered the adequacy of disclosure of the fair value of acquired intangible assets.

The Group's disclosure relating to business combinations is included in Note 3.

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

Report on the audit of the consolidated financial statements (continued)

***Key audit matters* (continued)**

Income tax

The Group seeks to obtain tax clearance from all tax jurisdictions on an annual basis. However, this is not possible due to various circumstances and, hence, provisions are made until such time when final tax clearance is obtained. Income tax positions were significant to our audit because the assessment process is complex, uses estimates and the amounts involved are material. Any tax adjustments identified in subsequent periods are recorded in the subsequent period, unless they relate to an error under IAS 8.

We have tested the completeness and accuracy of the amounts recognized as tax provisions, current and deferred tax assets and liabilities, including the assessment of disputes with tax authorities. Our audit procedures included an assessment of correspondence with the relevant tax authorities and we tested management's assumptions to determine the probability that deferred tax assets will be recovered through taxable income in future years. We involved our internal tax specialists to analyze and challenge the assumptions used to determine tax positions, and corroborated the assumptions with supporting evidence.

We also assessed the adequacy of the Company's disclosure in Note 12 to the consolidated financial statements.

Other information included in the Company's 2016 annual report.

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Report on the audit of the consolidated financial statements (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

Report on the audit of the consolidated financial statements (continued)

***Auditor's responsibilities for the audit of the financial statements* (continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) the Company has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

iii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015;

iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Company;

v) investments in shares and stocks during the year ended 31 December 2016 are disclosed in notes 3, 9, 10 and 11 to the consolidated financial statements;

vi) note 30 reflects material related party transactions and the terms under which they were conducted;

vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2016 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would have a material impact on its activities or its financial position as at 31 December 2016; and

viii) note 27 reflects the social contributions made during the year.

For Ernst & Young

Ashraf Abu-Sharkh
Partner
Registration No: 690
19 February 2017
Dubai, United Arab Emirates

Aramex PJSC and its subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	2016 AED'000	2015 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	840,272	703,151
Goodwill	5	1,084,004	1,038,079
Other intangible assets	6	226,558	49,367
Investments in joint ventures and associates	9, 10	135,789	46,857
Available for sale financial assets	11	26,066	-
Deferred tax assets	12	3,477	3,943
Other non-current assets		2,884	2,382
		2,319,050	1,843,779
Current assets			
Accounts receivable, net	13	754,420	731,232
Other current assets	14	199,390	163,187
Bank balances and cash	15	701,296	707,158
		1,655,106	1,601,577
TOTAL ASSETS		3,974,156	3,445,356
EQUITY AND LIABILITIES			
Equity			
Share capital	16	1,464,100	1,464,100
Statutory reserve	17	227,198	195,663
Foreign currency translation reserve	17	(350,627)	(255,821)
Reserve arising from acquisition of non-controlling interests	17	(33,037)	(28,119)
Retained earnings	18	957,783	785,708
Equity attributable to equity holders of the Parent		2,265,417	2,161,531
Non-controlling interests		9,085	38,264
Total equity		2,274,502	2,199,795
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	19	361,762	228,585
Employees' end of service benefits	20	138,797	129,544
Employees' benefit liability	24	74,988	63,825
Deferred tax liabilities	12	2,239	1,886
		577,786	423,840
Current liabilities			
Accounts payable	21	232,358	176,044
Bank overdrafts	22	57,453	33,941
Interest-bearing loans and borrowings	19	211,881	87,950
Other current liabilities	23	620,176	523,786
		1,121,868	821,721
Total liabilities		1,699,654	1,245,561
TOTAL EQUITY AND LIABILITIES		3,974,156	3,445,356

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 19 February 2017.

A. Mazrui

Abdullah Al Mazrui
(Chairman)

Hussein Hachem
(Chief Executive Officer)

Bashar Obeid
(Chief Financial Officer)

Aramex PJSC and its subsidiaries
Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

Continuing operations	Notes	2016 AED'000	2015 AED'000
Rendering of services	25	4,343,158	3,754,698
Cost of services	26	(1,911,165)	(1,626,610)
Gross profit		**2,431,993**	**2,128,088**
Share of results of joint ventures and associates	9, 10	(1,363)	(2,952)
Selling and marketing expenses		(204,237)	(185,279)
Administrative expenses	27	(940,317)	(802,040)
Operating expenses	28	(826,412)	(764,985)
Gain on bargain purchase	3	41,568	-
Other income, net	29	20,217	4,845
Operating profit		521,449	377,677
Finance income		11,485	4,540
Finance expense		(27,211)	(7,824)
Profit before tax from continuing operations		**505,723**	**374,393**
Income tax expense	12	(60,926)	(36,688)
Profit for the year from continuing operations		**444,797**	**337,705**
Discontinued operations			
Profit after tax for the year from discontinued operations	8	7,377	7,706
Profit for the year		**452,174**	**345,411**

Continuing operations	Notes	2016 AED'000	2015 AED'000
Attributable to:			
Equity holders of the Parent			
Profit for the year from continuing operations		419,218	303,457
Profit for the year from discontinued operations		7,377	7,845
		426,595	**311,302**
Non-controlling interests			
Profit for the year from continuing operations		25,579	34,248
Loss for the year from discontinued operations		-	(139)
		25,579	**34,109**
		452,174	**345,411**

Earnings per share attributable to the equity holders of the Parent:			
Basic and diluted earnings per share	31	AED 0.291	AED 0.213

The attached notes from 1 to 37 form part of these consolidated financial statements.

Aramex PJSC and its subsidiaries Consolidated Statement Of Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 AED'000	2015 AED'000
Profit for the year	452,174	345,411
Other comprehensive income, net of tax		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations Gain on cash flow hedge	(97,939) -	(103,549) (3,256)
Cash flow hedge expense recycled to consolidated income statement	-	1,200
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(97,939)	(105,605)
Other comprehensive loss for the year, net of tax	(97,939)	(105,605)
Total comprehensive income for the year, net of tax	**354,235**	**239,806**

Attributable to:		
Equity holders of the Parent	331,789	204,846
Non-controlling interests	22,446	34,960
	354,235	**239,806**

The attached notes from 1 to 37 form part of these consolidated financial statements.

Aramex Pjsc And Its Subsidiaries Consolidated Statement Of Changes In Equity

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT
FOR THE YEAR ENDED 31 DECEMBER 2016

For the year ended 31st December 2016	Share capital AED' 000	Statutory reserve AED'000	Foreign currency translation reserve AED'000	Reserve arising from acquisition of non-controlling interests AED'000	Cash flow hedge reserve AED'000	Retained earnings AED'000	Total 2016 AED'000	Non-controlling interests AED'000	Total AED'000
At 1 January 2016	1,464,100	195,663	(255,821)	(28,119)	-	785,708	2,161,531	38,264	2,199,795
Profit for the year	-	-	-	-	-	426,595	426,595	25,579	452,174
Other comprehensive income for the year	-	-	(94,806)	-	-	-	(94,806)	(3,133)	(97,939)
Total comprehensive income for the year	-	-	(94,806)	-	-	426,595	331,789	22,446	354,235
Directors fees paid (note 18)	-	-	-	-	-	(3,370)	(3,370)	-	(3,370)
Dividends of subsidiaries	-	-	-	-	-	-	-	(52,462)	(52,462)
Non-controlling interests (note 3)	-	-	-	(4,918)	-	-	(4,918)	(27,686)	(32,604)
Increase of capital of a subsidiary	-	-	-	-	-	-	-	826	826
Acquisition of non-controlling interests (note 3)	-	-	-	-	-	-	-	27,697	27,697

Dividends paid to shareholders (note 18)	-	-	-	-	-	(219,615)	(219,615)	-	(219,615)
Transfer to statutory reserve	-	31,535	-	-	-	(31,535)	-	-	-
At 31 December 2016	**1,464,100**	**227,198**	**(350,627)**	**(33,037)**	**-**	**957,783**	**2,265,417**	**9,085**	**2,274,502**
For the year ended 31 December 2015									
At 1 January 2015	1,464,100	170,632	(151,421)	(28,268)	2,056	708,001	2,165,100	24,476	2,189,576
Profit for the year	-	-	-	-	-	311,302	311,302	34,109	345,411
Other comprehensive income for the year	-	-	(104,400)	-	(2,056)	-	(106,456)	851	(105,605)
Total comprehensive income for the year	-	-	(104,400)	-	(2,056)	311,302	204,846	34,960	239,806
Directors fees paid (note 18)	-	-	-	-	-	(3,590)	(3,590)	-	(3,590)
Dividends of subsidiaries	-	-	-	-	-	-	-	(25,513)	(25,513)
Non-controlling interests	-	-	-	-	-	-	-	1,969	1,969
Acquisition of subsidiaries (note 3)	-	-	-	-	-	-	-	2,658	2,658
Acquisition of non-controlling interests	-	-	-	149	-	-	149	(286)	(137)
Dividends paid to shareholders (note 18)	-	-	-	-	-	(204,974)	(204,974)	-	(204,974)
Transfer to statutory reserve	-	25,031	-	-	-	(25,031)	-	-	-
At 31 December 2015	**1,464,100**	**195,663**	**(255,821)**	**(28,119)**	**-**	**785,708**	**2,161,531**	**38,264**	**2,199,795**

The attached notes from 1 to 37 form part of these consolidated financial statements

Aramex Pjsc And Its Subsidiaries Consolidated Statement Of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2016

Operating activities	Notes	2016 AED'000	2015 AED'000
Profit before tax from continuing operations		505,723	374,393
Profit before tax from discontinued operations	8	5,771	11,265
Profit before tax		**511,494**	**385,658**
Adjustment for:			
Depreciation of property, plant and equipment	4	99,170	81,271
Amortisation of other intangible assets	6	5,152	5,664
Provision for employees' end of service benefits	20	23,043	24,911
Provision for doubtful accounts, net	13	10,424	12,281
Net finance expense		15,726	3,284
Employees benefit plan expense	24	47,627	55,489
Gain on re-measurement of previously existing interest in an associate		-	(873)
Share of results of joint ventures and associates		1,363	2,952
Gain on disposal of property, plant and equipment		(3,852)	(12)
(Gain) loss on disposal of the discontinued operations	8	(3,353)	520
Gain on bargain purchase	3	(41,568)	-

The attached notes from 1 to 37 form part of these consolidated financial statements

Working capital adjustments:	Notes	2016 AED'000	2015 AED'000
Accounts receivable		(17,783)	(44,416)
Accounts payable		36,933	(7,700)
Other current assets		(15,376)	34,234
Other current liabilities		29,664	(37,444)
Cash from operations		698,664	515,819
Employees' end of service benefits paid	20	(12,822)	(12,448)
Employee's benefit plan paid	24	(36,464)	-
Income tax paid		(45,299)	(35,018)
Net cash flows from operating activities		**604,079**	**468,353**

Investing Activities		2016 AED'000	2015 AED'000
Purchase of property, plant and equipment	4	(161,072)	(275,896)
Proceeds from sale of property, plant and equipment		18,580	3,453
Interest received		11,485	4,540
Proceeds from sale of a subsidiary, net of cash	8	118,804	(133)
Other non-current assets		(2,268)	(566)
Acquisition of non-controlling interests	3	(32,604)	(137)
Margin deposits		6,602	1,002
Investments in joint ventures and associates		(137,410)	(1,031)
Available for sale financial assets		(26,066)	-
Acquisition of subsidiaries, net of cash acquired	3	(289,094)	(33,666)
Net cash flows used in investing activities		**(493,043)**	**(302,434)**

Financing Activities	Notes	2016 AED'000	2015 AED'000
Interest paid		(27,211)	(7,824)
Proceeds from loans and borrowings		338,354	286,859
Repayment of loans and borrowings		(106,594)	(123,064)
Dividends paid to non-controlling interests		(52,462)	(25,513)
Non-controlling interests		826	1,969
Directors' fees paid		(3,370)	(3,590)
Dividends paid to shareholders		(219,615)	(204,974)
Net cash flows used in financing activities		**(70,072)**	**(76,137)**

Net Increase In Cash And Cash Equivalents		**40,964**	**89,782**
Net foreign exchange difference		(63,736)	(22,632)
Cash and cash equivalents at 1 January	15	662,246	595,096
Cash And Cash Equivalents At 31 December	**15**	**639,474**	**662,246**

The attached notes from 1 to 37 form part of these consolidated financial statements

Aramex Pjsc And Its Subsidiaries Notes To The Consolidated Financial Statements

AT 31 DECEMBER 2016

1. CORPORATE INFORMATION

Aramex PJSC (the "Parent Company") is a Public Joint Stock Company registered in the Emirate of Dubai, United Arab Emirates on 15 February 2005 under UAE Federal Law No 2 of 2015. The consolidated financial statements of the Company as at 31 December 2016 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 19 February 2017.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and applicable requirements of UAE Federal Law No. 2 of 2015.

The Federal Law No. 2 of 2015 concerning Commercial Companies has come into effect from 28 June 2015, replacing the existing Federal Law No. 8 of 1984.

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 have been prepared under a historical cost basis, except for employees' benefit plan and available for sale financial assets that have been measured at fair value.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Changes in accounting policies and disclosures

The accounting polices adopted are consistent with those of the previous year, except for the following amendment standards effective as of 1 January 2016.

The nature and the impact of these amendments is described below:

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue – based method to depreciate its non-current assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively. These amendments do not have any impact on the Group's consolidated financial statements.

Annual Improvements 2012 -2014 Cycle

These improvements include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be made retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively.

These amendments do not have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statements of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statements of profit or loss and OCI. These amendments do not have any impact on the Group.

2.3 Changes in accounting policies and disclosures (continued)

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments are applied retrospectively and do not have any impact on the Group as the Group does not apply the consolidation exception.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 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.

IFRS 9 Financial Instruments

During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 as issued in July 2014 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendments will be effective for annual periods beginning on or after 1 January 2017, with early application permitted. The application of amendments will result in adding limited amount of disclosure information.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

2.5 Significant accounting judgments, estimates and assumptions

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.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

- Capital management — Note 35
- Financial risk management and policies — Note 35
- Sensitivity analyses and disclosures — Note 35

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 37. 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.

2.6 Summary of significant accounting policies

Property, plant and equipment

Construction in progress, 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 depreciates them separately based on their specific useful lives. 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 or 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	8-50 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

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 interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests 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, any 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 in the statement of profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, 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 Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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 disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date. Fair value related disclosures for financial instruments and that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Note 36
- Quantitative disclosures of fair value measurement hierarchy Note 36

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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 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 that is consistent with the function of the intangible assets.

Intangible assets with finite lives are amortised over their economic lives which are between 7 to 15 years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement when the asset is derecognized.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

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

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or 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 associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associates and joint ventures in the statement of profit or loss.

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

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

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions — Note 37
- Goodwill — Note 5
- Other intangible assets — Note 6

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 of disposal and its value in use. The 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 of disposal, 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 CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, are recognised in the consolidated income statement in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase. Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates.

When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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 which are subject to an insignificant risk of changes in value.

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 as they are considered an integral part of the Group's cash management, 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.

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 in a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, 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 the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

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 statement of profit or loss are translated at exchange rates prevailing at the dates 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

All financial liabilities are recognized initially at fair value, and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 amortisation is included in finance costs in the consolidated income statement.

Loans and borrowings and other financial liabilities (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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated income statement.

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.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employees' end of service benefits

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

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees are granted share appreciation rights, which are settled in cash (cash-settled transactions).

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model, further details of which are given in Note 24. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in employee benefits expense (note 24).

Available for sale financial assets

Available for sale financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, available for sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited to the available for sale reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available for sale reserve to the statement of profit or loss in finance costs. Interest earned whilst holding available for sale financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available for sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

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 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 since it is the primary obligor in all the revenue arrangements, has pricing latitude and is exposed to credit risks.

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 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.

Taxes
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 income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in countries where the Group operates and generates taxable income.

Management periodically evaluates position taken in the tax returns with respect to situation in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

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.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any 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, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

Expected to be realised or intended to sold or consumed in normal operating cycle

Held primarily for the purpose of trading

Expected to be realised within twelve months after the reporting period

Or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Impairment and uncollectability of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 37
- Trade receivables Note 13

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred '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 indicating 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

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 statement of profit or loss.

Leases (continued)

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

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Cash dividend

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

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.

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

The Group classifies non-current assets and disposal groups as held for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding the finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the decision to distribute will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for distribution.

Assets and liabilities classified as held for distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale

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 statement of profit or loss.

Additional disclosures are provided in Note 8. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

3. BUSINESS COMBINATION AND ACQUISITION OF NON–CONTROLLING INTERESTS

BUSINESS COMBINATION 2016

1. Acquisition of Fastway Limited (New Zealand)

In February 2016, the Group acquired 100% of the voting shares of Fastway Limited, an unlisted company based in New Zealand and specializing in domestic business. The consolidated financial statements include the results of Fastway Limited for the eleven months period from the acquisition date.

Assets acquired and liabilities assumed

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

Assets	Provisional fair valuerecognised on acquisition AED'000	Carrying value AED'000
Property, plant and equipment	22,056	22,056
Trade and other receivables	32,458	32,458
Bank balances and cash	31,395	31,395
Deferred tax and other non-current assets	9,489	9,489
Intangible assets (provisional) (note 6)	178,091	-
	273,489	95,398

Liabilities	Provisional fair value recognised on acquisition AED'000	Carrying value AED'000
Trade and other payables	(75,959)	(75,959)
Deferred tax liability	(1,911)	-
Total identifiable net assets	**195,619**	**19,439**

Goodwill arising on acquisition (provisional) (note 5) **	126,457	-
Total identifiable net assets	**322,076**	-

Analysis of cash flow on acquisition:	Carrying value AED'000
Net cash acquired with the subsidiary	31,395
Cash paid	(322,076)
Net cash outflow (included in cash flows used in investing activities in the statement of cash flows)	**(290,681)**

* The intangible assets may be subsequently adjusted with a corresponding adjustment to goodwill. Group management believes that the adjustments will be not material.

** The goodwill of AED 124.5 million recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Fastway Limited with those of the Group.

From the date of acquisition, the acquired Company contributed AED 322.3 million of revenue and AED 11.8 million to profit before tax of the Group. If the acquisition had taken place at the beginning of the period, revenue from continuing operations would have been AED 4,357 million and the profit before tax from continuing operation for the period would have been AED 494.5 million.

Transaction costs of AED 5.8 million were expensed and are included in administrative expenses in the consolidated statement of income and part of the cash flows from operating activities in the consolidated statement of cash flows.

3. BUSINESS COMBINATION AND ACQUISITION OF NON–CONTROLLING INTERESTS

BUSINESS COMBINATION 2016 (CONTINUED)

2. Acquisition of Aramex Mashreq for Logistics Services SAE (Egypt)

The Group has 75% interest in Aramex Mashreq for Logistics Services SAE (Egypt). Until 31 December 2015, the approvals for all major operational decisions for the Company were required by the Group and its partners jointly until such time that the partners exercise their option to buy an additional share of 25%, prior to the expiry date of 31 December 2015. Since the partners option to buy additional shares in the Company elapsed, Aramex PJSC obtained control without transferring consideration. Therefore, the transaction has been accounted for as a business combination in accordance with IFRS 3 effective 1 January 2016. During 2016, the valuation was completed since the Group sought an independent valuation for the land and buildings. Since the fair value of the consideration transferred was less than the fair value of net assets acquired, the Group recognized a bargain purchase gain of AED 41,568 thousand.

The fair values of the identifiable assets and liabilities for Aramex Mashreq for Logistics Services SAE, as at the date of acquisition were:

Assets	Provisional fair value recognised on acquisition AED'000	Carrying value AED'000
Property, plant and equipment	127,728	72,304
Trade and other receivables	13,761	13,761
Bank balances and cash	1,587	1,587
	143,076	**87,652**

Liabilities	Provisional fair value recognised on acquisition	Carrying value AED'000
Trade and other payables	(5,384)	(5,384)
Deferred tax liability	(1,558)	(1,558)
Term loan	(25,347)	(25,347)
	(32,289)	**(32,289)**
Total identifiable net assets at fair value	**110,787**	**55,363**
Less: non-controlling interest	(27,697)	
Fair value of net assets acquired	**83,090**	

Analysis of cash flow on acquisition:	Carrying value AED'000
Net cash acquired with the subsidiary	1,587
Cash paid	-
Net cash outflow (included in cash flows used in investing activities in the statement of cash flows)	**1,587**

From the date of acquisition, the acquired Company contributed AED 47.4 million of revenue and AED 0.9 million to the net profit before tax of the Group.

3. BUSINESS COMBINATION AND ACQUISITION OF NON–CONTROLLING INTERESTS

BUSINESS COMBINATION 2016 (CONTINUED)

2. Acquisition of Aramex Mashreq for Logistics Services SAE (Egypt) (continued)

In October 2016, the Group acquired the remaining 25% interest of the voting shares of Aramex Mashreq for logistics services, increasing its ownership interest to 100%. Cash consideration of AED 25,809 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Aramex Mashreq for logistics services at the acquisition date was AED 50,041 thousand, and the carrying value of the additional interest acquired was AED 26,325 thousand. The difference of AED (516) 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.

	AED'000
Cash consideration paid to non-controlling shareholders	25,809
Less : Carrying value of the additional interest in Aramex Mashreqfor Logistic Services SAE (Egypt)	26,325
Difference recognized as a reserve from acquisition of non-controlling interest	**(516)**

2015

1. Acquisition of C.B.K Soft Yazilim Elektronik (Turkey)

In April 2015, the Group acquired 51% of the voting shares of C.B.K Soft Yazilim Donanim Elektronik, an unlisted company based in Turkey and specializing in information technology services, software sales and marketing, in addition to maintenance services. The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of C.B.K Soft Yazilim Donanim Elektronik for the nine months period from the acquisition date.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities C.B.K Soft Yazilim Donanim Elektronik, as at the date of acquisition were:

Assets	Fair value recognised on acquisition AED'000	Carrying value AED'000
Property, plant and equipment	123	123
Trade and other receivables	4,601	4,602
Bank balances and cash	723	723
Intangible assets* (note 6)	10,700	-
	16,147	**5,448**

Liabilities	Fair value recognised on acquisition AED'000	Carrying value AED'000
Trade and other payables	(860)	(860)
Employees end of service benefits	(70)	(70)
	(930)	**(930)**
Total identifiable net assets at fair value	**15,217**	**4,518**

Goodwill arising on acquisition (note 5)	18,188
Non-controlling interests	(2,213)
Purchase consideration transferred	**31,192**

Analysis of cash flow on acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	723
Cash paid (included in cash flows from investing activities)	(31,192)
Net cash outflow	**(30,469)**

*Intangible assets acquired represent customers lists with finite lives which are amortised over their economic lives which are 7 years.

The goodwill of AED 18 million recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of C.B.K Soft Yazilim Donanim Elektronik with those of the Group.

From the date of acquisition, the acquired Company has contributed AED 9 million of revenue and AED 2.1 million to the net profit before tax of the Group. If the acquisition had taken place at the beginning of the year, revenue from continuing operations would have been AED 3,840 million and the profit before tax from continuing operation for the period would have been AED 387 million.

Transaction cost of AED 1,082 thousand have been expensed and included in administrative expenses in the statement of income and part of operating cash flows in the statement of cash flows.

2. Acquisition of Aramex Tunisia Limited (Tunisia)

In April 2015, the Group increased its investment in its associate (Aramex Tunisia Limited) , an unlisted Company based in Tunisia and specializing in the business of freight forwarding with an amount of AED 4.388 million increasing its ownership interest in Aramex Tunisia from 49% to 75%, thereby obtaining control. The Group recognized a gain of AED 873 thousands as a result of measuring at fair value its 49% equity interest before the business combination, the gain is included in other income in the consolidated statement of income. The consolidated financial statements include the results of Aramex Tunisia Limited for the eight months period from the acquisition date. The acquisition has been accounted for using the acquisition method.

The Group elected to measure the non-controlling interest in the acquiree at fair value.

Assets acquired and liabilities assumed

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

Assets	Fair value recognised on acquisition AED'000	Carrying value AED'000
Property, plant and equipment	1,976	1,976
Trade and other receivables	16,134	16,134
Bank balances and cash	318	318
	18,428	**18,428**

Liabilities	Fair value recognised on acquisition AED'000	Carrying value AED'000
Trade and other payables	(16,649)	(16,649)
Total identifiable net assets at fair value	**1,779**	**1,779**

Goodwill arising on acquisition	3,054
Non-controlling interests measured at fair value	(445)
Purchase consideration transferred	**4,388**

Analysis of cash flow on acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	318
Cash paid (included in cash flows from investing activities)	(3,515)
Net cash outflow	(3,197)

The goodwill of AED 3 million recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Aramex Tunisia Limited with those of the Group.

From the date of acquisition, the acquired Company has contributed AED 11.6 million of revenue and AED 1 million of net loss before tax for the Group. If the acquisition had taken place at the beginning of the year, revenue from continuing operations would have been AED 3,841 million and the profit before tax from continuing operation for the period would have been AED 385 million.

Acquisition of Non-Controlling Interest

2016

Aramex Kenya Ltd

In April 2016, the Group acquired an additional 30% interest of the voting shares of Aramex Kenya Limited, increasing its ownership interest to 100%. Cash consideration of AED 2,203 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Aramex Kenya Ltd at the acquisition date was AED 3,159 thousand, and the carrying value of the additional interest acquired was AED 948 thousand. The difference of AED 1,255 thousand between the consideration paid and the carrying value of the additional interest acquired has been recognised within equity as a reserve arising from acquisition of non-controlling interests.

Following is a schedule of additional interest acquired in Aramex Kenya Ltd:

	AED'000
Cash consideration paid to non-controlling shareholders	2,203
Less : Carrying value of the additional interest in Aramex Kenya Ltd	948
Difference recognized as a reserve from acquisition of non-controlling interests	**1,255**

Aramex Ghana Ltd

In October 2016, the Group acquired an additional 12.5% interest of the voting shares of Aramex Ghana Limited, increasing its ownership interest to 87.5%. Cash consideration of AED 4,040 thousand was paid to the non-controlling shareholders.
The carrying value of the net assets of Aramex Ghana Ltd at the acquisition date was AED 3,491 thousand, and the carrying value of the additional interest acquired was AED 436 thousand. The difference of AED 3,604 thousand between the consideration paid and the carrying value of the additional interest acquired has been recognised within equity as a reserve arising from acquisition of non-controlling interests.

Following is a schedule of additional interest acquired in Aramex Ghana Ltd:

	AED'000
Cash consideration paid to non-controlling shareholders	4,040
Less : Carrying value of the additional interest in Aramex Ghana Ltd	436
Difference recognized as a reserve from acquisition of non-controlling interests	**3,604**

Infofort Ghana Ltd

In June 2016, the Group acquired an additional 25% interest of the voting shares of Infofort Ghana Ltd, increasing its ownership interest to 100%. Cash consideration of AED 552 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Infofort Ghana Limited at the acquisition date was a negative balance of AED 93 thousand, and the carrying value of the additional interest acquired was a negative balance of AED 23 thousand. The difference of AED 575 thousand between the consideration paid and the carrying value of the additional interest acquired has been recognised within equity as a reserve arising from acquisition of non-controlling interests.

Following is a schedule of additional interest acquired in Infofort Ghana Ltd:

	AED'000
Cash consideration paid to non-controlling shareholders	552
Less : Carrying value of the additional interest in Infofort Ghana Ltd	(23)
Difference recognized as a reserve from acquisition of non-controlling interests	**575**

Aramex Malta Limited

On 1 July 2015, the Group acquired an additional 40% interest in the voting shares of Aramex Malta Limited, increasing its ownership interest to 100%. Cash consideration of AED 137 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Aramex Malta Limited at the acquisition date was AED 715 thousand, and the carrying value of the additional interest acquired was AED 286 thousand.

Following is a schedule of additional interest acquired in Aramex Malta:

	AED'000
Cash consideration paid to non-controlling shareholders	137
Less : Carrying value of the additional interest in Aramex Malta	286
Difference recognized as a reserve from acquisition of non-controlling interests	**(149)**

4 PROPERTY, PLANT AND EQUIPMENT

2016 -	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 2016	40,340	80,488	301,397	35,494	67,590	121,103	144,582	120,174	171,641	1,082,809
Acquisitions of subsidiaries	39,623	2,567	86,379	4,089	9,931	23,856	10,712	13,826	-	190,983
Additions	925	11,007	46,027	5,177	2,514	24,145	29,228	28,778	13,271	161,072
Transfers	1,697	717	131,254	-	4,619	2,966	7,145	-	(148,398)	-
Reclassification	-	748	-	3	(1)	(963)	1	212	-	-
Disposals	-	(1,367)	(14,073)	(2,199)	(476)	(4,981)	(9,277)	(19,451)	-	(51,824)
Discontinued operation	-	(209)	-	(28)	-	(1,290)	(2,219)	-	-	(3,746)
Exchange differences	(7,826)	(3,971)	(33,440)	(2,417)	(9,907)	(10,769)	(8,896)	(11,661)	-	(88,887)
At 31 December 2016	**74,759**	**89,980**	**517,544**	**40,119**	**74,270**	**154,067**	**171,276**	**131,878**	**36,514**	**1,290,407**

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2016 -	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
Depreciation:										
At 1 January 2016	-	46,294	56,707	18,909	23,463	67,324	93,422	73,539	-	379,658
Acquisitions of subsidiaries	-	1,369	9,928	2,387	1,259	12,589	8,310	5,357	-	41,199
Charge for the year	-	9,118	15,420	4,018	4,987	15,567	21,973	28,087	-	99,170
Disposals	-	(1,131)	(4,644)	(1,511)	(243)	(4,283)	(9,277)	(17,626)	-	(38,715)
Discontinued operation	-	(35)	-	(15)	-	(952)	(1,125)	-	-	(2,127)
Exchange differences	-	(2,852)	(5,176)	(1,439)	(2,605)	(4,583)	(5,905)	(6,490)	-	(29,050)
At 31 December 2016	**-**	**52,763**	**72,235**	**22,349**	**26,861**	**85,662**	**107,398**	**82,867**	**-**	**450,135**
Net carrying amount:										
At 31 December 2016	**74,759**	**37,217**	**445,309**	**17,770**	**47,409**	**68,405**	**63,878**	**49,011**	**36,514**	**840,272**

Property, plant and equipment include vehicles with a net book value of AED 25.01 million (2015: AED 24.45 million) have been obtained under finance leases (note 19).

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2015 -	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 2015	38,006	73,126	295,369	31,769	61,846	103,923	126,597	117,565	16,811	865,012
Acquisition of subsidiaries	-	91	-	176	10	90	364	1,911	-	2,642
Additions	6,603	12,293	15,366	6,216	8,542	20,182	27,539	24,325	154,830	275,896
Transfers	-	74	(54)	84	(3)	979	(728)	(352)	-	-
Disposals	-	(2,032)	-	(1,585)	(599)	(971)	(4,530)	(15,910)	-	(25,627)
Exchange differences	(4,269)	(3,064)	(9,284)	(1,166)	(2,206)	(3,100)	(4,660)	(7,365)	-	(35,114)
At 31 December 2015	**40,340**	**80,488**	**301,397**	**35,494**	**67,590**	**121,103**	**144,582**	**120,174**	**171,641**	**1,082,809**

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2015 -	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
Depreciation:										
At 1 January 2015	-	41,571	45,956	17,100	20,038	57,247	83,634	68,850	-	334,396
Acquisitions of subsidiaries	-	3	-	41	1	16	214	268	-	543
Charge for the year	-	8,109	11,751	3,518	4,198	12,081	17,435	24,179	-	81,271
Transfers	-	14	(15)	39	(2)	481	(438)	(79)	-	-
Disposals	-	(1,534)	-	(1,124)	(118)	(674)	(4,212)	(14,524)	-	(22,186)
Exchange differences	-	(1,869)	(985)	(665)	(654)	(1,827)	(3,211)	(5,155)	-	(14,366)
At 31 December 2016	**-**	**46,294**	**56,707**	**18,909**	**23,463**	**67,324**	**93,422**	**73,539**	**-**	**379,658**
Net carrying amount:										
At 31 December 2015	**40,340**	**34,194**	**244,690**	**16,585**	**44,127**	**53,779**	**51,160**	**46,635**	**171,641**	**703,151**

5. GOODWILL

	2016 AED'000	2015 AED'000
At 1 January	1,038,079	1,076,098
Acquisition of subsidiaries (note 3)	126,457	21,242
Discontinued operations (note 8)	(78,417)	-
Exchange differences	(2,115)	(59,261)
At 31 December	**1,084,004**	**1,038,079**

The Group performed its annual impairment test on 31 December 2015 and 2016. The Group considers the relationship between its market capitalization and its book value among other factors, when reviewing for indicators of impairment. As at 31 December 2016, the market capitalization of the Group was above the book value of its equity. The recoverable amounts of the cash generating units have been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period.

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

	2016 AED'000	2015 AED'000
Express shipping	270,337	275,554
Freight forwarding	168,227	171,473
Domestic shipping	438,407	379,747
Logistics	75,030	76,478
Documents storage	122,816	125,640
Publication and distribution	9,187	9,187
At 31 December	**1,084,004**	**1,038,079**

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions

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, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) for the industry which ranges between 8% to 10% (2015: ranges between 8% to 10%). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Growth rate estimates – Growth rate used of 3.7% (2015: 3.6%) 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.

6. OTHER INTANGIBLE ASSETS

Intangible assets with definite life:

Cost:	Customer lists and other intangible assets with definite useful life 2016 AED'000	Franchises with indefinite useful life 2015 AED'000	2016 AED'000	2015 AED'000
At 1 January	71,892	-	71,892	61,248
Acquisition of subsidiaries	3,478	174,613	178,091	10,700
Discontinued operations	(7,911)	-	(7,911)	-
Exchange differences	-	12,163	12,163	(56)
At 31 December	**67,459**	**186,776**	**254,235**	**71,892**

Amortization impairment:	2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000
At 1 January	(22,525)	-	(22,525)	(16,861)
Amortization	(5,152)	-	(5,152)	(5,664)
At 31 December	(27,677)	-	(27,677)	(22,525)
Net book value:	-	12,163	12,163	(56)
At 31 December	**39,782**	**186,776**	**226,558**	**49,367**

Acquisition during the year

* Intangible assets acquired through a business combination are mainly franchises. These assets have indefinite useful lives and are tested for impairment annually.

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

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions
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, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) for the industry of 11%. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Growth rate estimates – Growth rate used of 2.5% 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.

7. MATERIAL PARTLY – OWNED SUBSIDIARIES

The Group has one subsidiary in the Middle East with material non-controlling interests.
Financial information of the subsidiary that have material non-controlling interests are provided below:
Proportion of equity interest held by non-controlling interests:

	2016 %	2015 %
	50%	50%
	2016 AED'000	2015 AED'000
Accumulated balances of material non-controlling interest:	4,119	28,919
Profit allocated to material non-controlling interest:	23,143	33,308

The summarised financial information of this subsidiary are provided below. This information is based on amounts before intra-group eliminations.
Summarised income statements for 2016 and 2015:

	2016 AED'000	2015 AED'000
Revenue	651,257	659,552
Cost of sales	(307,975)	(320,203)
Administrative, selling and operating expenses	(282,944)	(259,871)
Other expenses	(9,655)	(10,691)
Profit before tax	50,683	68,787
Income tax	(4,398)	(2,171)
Profit for the year	**46,285**	**66,616**
Total comprehensive income	**46,285**	**66,616**
Attributable to non-controlling interests	23,143	33,308
Dividends paid to non-controlling interests	49,724	23,243

Summarised statements of financial position as at 31 December 2016 and 2015:

	2016 AED'000	2015 AED'000
Cash and bank balances	90,502	60,325
Property, plant and equipment	53,859	52,506
Other current assets	149,919	172,815
Non- current assets	512	-
Trade and other payable (current)	(219,729)	(164,953)
Interest-bearing loans and borrowing and deferred tax	(24,451)	(23,685)
Liabilities (non-current)	(42,373)	(39,170)
Total Equity	**8,239**	**57,838**
Non- current assets	4,119	28,919
Trade and other payable (current)	4,119	28,919

Summarised cash flow information for the year ended 31 December:

	2016 AED'000	2015 AED'000
Operating	134,370	78,835
Investing	(8,307)	(11,337)
Financing	(95,886)	(60,836)
Net increase in cash and cash equivalents	**30,177**	**6,662**

8. DISCONTINUED OPERATION

2016

Disposal of Mail Call Couriers PTY Limited (Australia)
During 2016, the Group disposed off 100% of its interest in Mail Call Couriers PTY Limited.
The Mail Call Couriers PTY Limited segment is no longer presented in the segment note.
The results of Mail Call Couriers PTY Limited for the period are presented below:

	2016 AED'000	2015 AED'000
Rendering of services	53,293	82,055
Cost of services	(31,542)	(47,255)
Gross profit	21,751	34,800
Less: Overheads	(16,758)	(24,643)
Operating profit	4,993	10,157
Add: Other income, net	778	1,628
Profit before tax	5,771	11,785
Income tax expense	(1,747)	(3,559)
Profit after tax for the period	4,024	8,226
Profit on disposal of the discontinued operations	3,353	-
Total Profit for the period from the discontinued operation	**7,377**	**8,226**

The major classes of assets and liabilities of Mail Call Couriers PTY Limited as at 31 August 2016 are as follows:

Assets	2016 AED'000	2015 AED'000
Property, plant and equipment (note 4)	1,619	1,190
Trade receivables	8,409	8,875
Other current assets	1,152	1,895
Other non current assets	919	-
Cash at banks	4,007	5,493
Total Assets	**16,106**	**17,453**

Liabilities	2016 AED'000	2015 AED'000
Trade payables	195	348
Other current liabilities	3,518	2,604
Other non-current liabilities	681	110
Total Liabilities	**4,394**	**3,062**
Net assets directly associated with disposal group	**11,712**	**14,391**

* Goodwill and intangible assets amounting to AED 78,417 and AED 7,911, respectively, resulting from the initial acquisition were disposed.

8. DISCONTINUED OPERATION (CONTINUED)

2016

Disposal of Mail Call Couriers PTY Limited (Australia) (continued)

Cash flow on sale:	AED '000
Consideration received	122,811
Cash included as cash and cash equivalents at 31 August 2016 in the statement of cash flows	(4,007)
Net cash flow	**118,804**

The net cash flows incurred by Mail Call Couriers PTY Limited are as follows:

Cash flow on sale:	2016 AED '000	2015 AED '000
Operating	(1,178)	(88)
Investing	(428)	694
Net cash (outflows) inflows	**(1,606)**	**606**

Profit on sales was recognized as follows:

Profit on sales was recognized as follows:	AED '000
Consideration received	122,811
Net assets directly associated with disposal Group	(11,712)
Goodwill	(78,417)
Intangible assets	(7,911)
Foreign currency translation reserve associated with disposal	(21,418)
Profit on sale	**3,353**

2015

Disposal of Aramex Kazakhstan LLP

On 30 April 2015, the Group disposed of 41% of its interest in Aramex Kazakhstan LLP. The cash flows generated by the sale of the discontinued operation during 2015 have been considered in the statement of cash flows as part of the investing activities.

The Aramex Kazakhstan LLP segment is no longer presented in the segment note.

The results of Aramex Kazakhstan LLP for the year are as follows:

	2015 AED '000
Revenue	1,516
Cost of services	(792)
Gross profit	724
Less: Overheads	(998)
Operating loss	(274)
Less: other expense	(9)

	2015 AED '000
Loss before tax	(283)
Income tax expense	-
Loss after tax for the period from the discontinued operations	(283)
Loss on disposal of the discontinued operations	(237)
Total loss	**(520)**

Cash flow on sale:	2015 AED '000
Consideration received	-
Cash included as cash and cash equivalents at 30 April 2015 in the statement of cash flows	(133)
Net cash outflow	**(133)**

The net cash flows incurred by Aramex Kazakhstan LLP are as follows:	2015 AED '000
Operating	(157)
Investing	37
Net cash outflows	**(120)**

9. INVESTMENTS IN JOINT VENTURES

The details of the investments in joint ventures were as follows:

	Ownership percentage		Country of Origin	Nature of activity	Book value of activity	
	2016 %	2015 %			2016 AED'000	2015 AED'000
Aramex Mashreq for Logistics Services S.A.E*	100%	75%	Egypt	Logistics services, Express, freight and logistics services, Express services Logistics services Other services Express and Domestic services	-	41,522
Aramex Sinotrans Co. LTD	50%	50%	China		4,147	3,228
PT-Global Distribution Alliance	50%	50%	Indonesia		1,710	1,632
Aramex Logistics LLC	50%	50%	Oman		-	-
Easy Pack Plus	50%	50%	Dubai		-	-
Aramex Global Solutions**	60%	-	Singapore		119,464	-
					125,321	**46,382**

* During 2016, the Group acquired an additional 25% interest of the voting shares of Aramex Mashreq for Logistic Services, increasing its ownership to 100% and obtaining control. Therefore, the entity's financial statements were consolidated (Note 3).

** The approval for all major operational decisions for the Company were required by the Group and its partners jointly. Fair value of net assets of transaction date is still provisional .

The joint ventures are accounted for using the equity method in the consolidated financial statements.

2016

	Aramex Mashreq for Logistics Services AED'000	Aramex Sinotrans Co. LTD AED'000	PT - Global Distribution Alliance AED'000	Aramex Logistics LLC AED'000	Easy Pack Plus AED'000	Aramex Global Solutions AED'000	Total AED'000
Non-current assets	-	1,035	456	45,129	1,542	164,539	212,701
Current assets*	-	24,368	4,410	10,402	1,754	74,463	115,397
Non-current liabilities	-	-	(719)	(48,268)	-	(18)	(49,005)
Current liabilities**	-	(17,109)	(727)	(7,263)	(3,296)	(39,876)	(68,271)
Equity	-	8,294	3,420	-	-	199,108	210,822
Proportion of the Group's ownership	100%	50%	50%	50%	50%	60%	-
Carrying amount of the investment	-	4,147	1,710	-	-	119,464	125,321

* The current assets of Aramex Global Solutions include cash at banks amounted to AED 26.6 million, accounts receivable amounted to AED 44.7 million and other current assets amounted to AED 3.1 million.

** The current liabilities of Aramex Global Solutions include, accruals amounted to AED 9.7 million, trade payables amounted to AED 29.3 million, and other current liabilities amounted to AED 0.9 million.

2015

	Aramex Mashreq for Logistics Services AED'000	Aramex Sinotrans Co. LTD AED'000	PT- Global Distribution Alliance AED'000	Aramex Logistics LLC AED'000	Easy Pack Plus AED'000	Aramex Global Solutions AED'000	Total AED'000
Non-current assets	72,345	690	213	46,922	1,717	-	121,887
Current assets*	15,307	27,096	4,831	2,028	637	-	49,899
Non-current liabilities	(17,268)	-	(478)	(43,110)	-	-	(60,856)
Current liabilities**	(15,021)	(21,328)	(1,302)	(5,840)	(2,354)	-	(45,845)
Equity	55,363	6,458	3,264	-	-	-	65,085
Proportion of the Group's ownership	75%	50%	50%	50%	50%	-	-
Carrying amount of the investment	41,522	3,228	1,632	-	-	-	46,382

* The current assets of Aramex Mashreq include cash at banks amounted to AED 1.6 million, accounts receivable amounted to AED 9.9 million and other current assets amounted to AED 3.8 million.

** The current liabilities of Aramex Mashreq include deferred tax liabilities amounted to AED 1.6 million, accruals amounted to AED 1.4 million, loans and borrowing amounted to AED 3 million, finance lease obligation amounted to AED 5.2 million and other current liabilities amounted to AED 3.8 million.

Summarized statement of profit or loss of the joint ventures:

2016

	Aramex Mashreq for Logistics Services AED'000	Aramex Sinotrans Co. LTD AED'000	PT- Global Distribution Alliance AED'000	Aramex Logistics LLC AED'000	Easy Pack Plus AED'000	Aramex Global Solutions AED'000	Total AED'000
Revenue	-	88,660	6,332	9,250	45	68,874	173,161
Cost of sale	-	(69,366)	(3,272)	(2,105)	-	(66,092)	(140,835)
Administrative expenses	-	(16,937)	(2,862)	(12,502)	(45)	(3,515)	(35,861)
Profit (loss) before tax	-	2,357	198	(5,357)	-	(733)	(3,535)
Income tax expense	-	-	(65)	-	-	(197)	(262)
Profit (loss) for the year	-	2,357	133	(5,357)	-	(930)	(3,797)
Group's share of profit (loss) for the year	-	1,179	66	(2,679)	-	(558)	(1,992)

Investments In Joint Ventures (continued)

	Aramex Mashreq for Logistics Services AED'000	Aramex Sinotrans Co. LTD AED'000	PT- Global Distribution Alliance AED'000	Aramex Logistics LLC AED'000	Easy Pack Plus AED'000	Aramex Global Solutions AED'000	Total AED'000
Revenue	51,104	78,751	6,402	9,250	-	-	138,868
Cost of sale	(19,589)	(62,503)	(3,221)	(2,105)	-	-	(86,573)
Administrative expenses	(29,683)	(15,146)	(2,693)	(12,502)	(300)	-	59,143)
Profit (loss) before tax	1,832	1,102	488	(5,357)	(300)	-	(6,848)
Income tax expense	765	-	7	-	-	-	772
Profit (loss) for the year	2,597	1,102	495	(9,970)	(300)	-	(6,076)
Group's share of profit (loss) for the year	1,949	551	248	(4,985)	(150)	-	(2,387)

The joint ventures have capital commitments of AED Nil (2015: AED 140 thousand) towards construction of property, plant and equipment.

10. INVESTMENTS IN ASSOCIATES

The details of the investments in associates were as follows:

	Ownership percentage		Country of incorporation	Nature of activity	Book value of activity	
	2016 %	**2015 %**			**2016 AED'000**	**2015 AED'000**
Canterbury Courier Operations Ltd	25%	-	New Zealand	Domestic services	367	-
Linehaul Express Australia Pty Ltd	26.4%	-	Australia	Domestic services	197	-
WS One Investment LLC	25%	-	UAE	Express services	9,588	-
Aramex Thailand Ltd	49%	49%	Thailand	Logistics and transportation	316	475
Aramex Kazakhstan LLP	-	10%	Kazakhstan	Freight forwarding	-	-
					10,468	**475**

10. INVESTMENT IN ASSOCIATES (CONTINUED)

The associates are accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarized financial information of the Group's investments in associates:

2016

	Canterbury Courier Operations Ltd AED'000	**Linehaul Express Australia PTY Ltd AED'000**	**WS One Investment LLC AED'000**	Aramex Thailand AED'000	Aramex Kazakhistan LLP AED'000	Total AED'000
Non-current assets	2,984	–	1,824	315	–	5,123
Current assets	4,331	4,833	44,120	666	–	53,950
Non-current liabilities	(888)	–	–	(27)	–	(915)
Current liabilities	(4,959)	(4,088)	(7,592)	(310)	–	(16,949)
Equity	**1,468**	**745**	**38,352**	**644**	**–**	**41,209**
Proportion of the Group's ownership	25%	26.4%	25%	49%	–	
Group's share	**367**	**197**	**9,588**	**316**	**–**	**10,468**
Carrying amount of the investment	**367**	**197**	**9,588**	**316**	**–**	**10,468**

2015

	Canterbury Courier Operations Ltd AED'000	**Linehaul Express Australia PTY Ltd AED'000**	**WS One Investment LLC AED'000**	Aramex Thailand AED'000	Aramex Kazakhistan LLP AED'000	Total AED'000
Non-current assets	–	–	–	404	993	1,397
Current assets	–	–	–	844	5,262	6,106
Non-current liabilities	–	–	–	(32)	–	(32)
Current liabilities	–	–	–	(247)	(6,255)	(6,502)
Equity	**–**	**–**	**–**	**969**	**–**	**969**
Proportion of the Group's ownership	–	–	–	49%	10%	
Group's share	**–**	**–**	**–**	**475**	**–**	**475**
Carrying amount of the investment	**–**	**–**	**–**	**475**	**–**	**475**

10. INVESTMENT IN ASSOCIATES (CONTINUED)

2016

	Canterbury Courier Operations Ltd AED'000	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand AED'000	Aramex Kazakhistan LLP AED'000	Total AED'000
Revenue	15,134	21,720	53,340	3,143	–	93,337
Cost of sale	(11,120)	(21,362)	(38,754)	(1,619)	–	(72,855)
Administrative expenses	(2,750)	(565)	(11,829)	(1,862)	–	(17,006)
Profit (loss) before tax	1,264	(207)	2,757	(338)	–	3,476
Income tax expense	(222)	–	(400)	–	–	(622)
Profit (loss) for the year	1,042	(207)	2,357	(338)	–	2,854
Group's share of profit (loss) for the year	**260**	**(54)**	**589**	**(166)**	**–**	**629**

2015

	Canterbury Courier Operations Ltd AED'000	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand AED'000	Aramex Kazakhistan LLP AED'000	Total AED'000
Revenue	–	–	–	1,863	3,485	5,348
Cost of sale	–	–	–	(929)	(2,320)	(3,249)
Administrative expenses	–	–	–	(1,969)	(2,197)	(4,166)
Loss before tax	–	–	–	(1,035)	(1,032)	(2,067)
Income tax expense	–	–	–	–	–	–
Loss for the year	–	–	–	(1,035)	(1,032)	(2,067)
Group's share of loss for the year	**–**	**–**	**–**	**(507)**	**(58)**	**(565)**

11. AVAILABLE FOR SALE FINANCIAL ASSETS

	Ownership percentage		Country of incorporation	Nature of activity	Book value	
	2016	2015			2016	2015
Unquoted financial assets	%	%			AED'000	AED'000
Udaan Logisure Private Ltd*	5.88	–	India	Local delivery solutions	1,844	–
Return Hound Ltd**	20	–	British Virgin Island	Lost luggage retrieval business	1,102	–
Shippify Inc***	10.70	–	USA	Food delivery	1,102	–
Grab a Grub Services Pvt Ltd****	16.35	–	India	B2B logistics	7,395	–
What 3 Words Ltd*****	3.59	–	UK	Global addressing systems	10,950	–
Jamalon Inc.******	8.49	–	British Virgin Islands	Online book retail	3,673	–
					26,066	**–**

Unquoted investments are not traded in an active market and are stated at cost less accumulated impairment as their fair values cannot be reliably determined due to the unpredictable nature of future cash flows. The Group assessed the impairment of these investments .The Group management believes that fair values of such investments are not materially different from their carrying amounts, and no such impairment exists.

* During 2016, the Group entered in to a Compulsory Convertible Debenture agreement with Udaan Logisure Private Ltd, a limited liability company located in India.

** During 2016, the Group entered in to a convertible note agreement with Return Hound Ltd, a limited liability company registered in the British Virgin Islands and operating in the UAE.

*** During 2016, the Group entered in to a convertible promissory note agreement with Shippify Inc, an incorporation registered in the USA and operating in Brazil.

**** During 2016, the Group entered in to a Compulsory Convertible Debenture agreement with Grab a Grub Services Private Limited, a limited liability company located in India.

***** During 2016, the Group entered in to an investment agreement with What 3 Words Ltd, a limited liability company located in the UK.

****** During 2016, the Group entered in to an investment agreement with Jamalon Inc, an incorporation located in the British Virgin Islands.

The above investments are green field projects newly established.

12. INCOME TAX

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

Consolidated income statement	2016 AED'000	2015 AED'000
Current income tax expense	60,583	37,252
Deferred tax	819	(369)
Foreign exchange	(476)	(195)
Income tax expense reported in the consolidated income statement	**60,926**	**36,688**

Deferred tax relates to the following:

	2016 AED'000	2015 AED'000
Provision for doubtful accounts	1,813	1,628
Depreciation	6,681	824
Employees' end of service benefits	2,339	733
Net operating losses carried forward	40	10
Capital allowance	392	547
Others	3,335	2,523
	1,238	**2,057**

12. INCOME TAX (CONTINUED)

Recognised as follows:	2016 AED'000	2015 AED'000
As deferred tax assets	3,477	3,943
As deferred tax liabilities	2,239	1,886
	1,238	**2,057**

Reconciliation between accounting profit and taxable profit:	2016 AED'000	2015 AED'000
Accounting profit before income tax	505,723	374,393
Non-deductible expenses	44,163	26,968
Taxable profit	549,886	401,361
Income tax expense reported in the consolidated income statement	60,926	36,688
Effective income tax rate	**12.05%**	**9.80%**

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.

Aramex PJSC is registered in the United Arab Emirates of where there is no corporate taxation. Income tax appearing in the consolidated statement of financial position represents the income tax provision of Group's subsidiaries as of 31 December.

13. ACCOUNTS RECEIVABLE

	2016 AED'000	2015 AED'000
Trade receivables	813,328	788,412
Less: allowance for doubtful accounts	(58,908)	(57,180)
	754,420	**731,232**

Geographic concentration of trade receivables as of 31 December is as follows:	2016 %	2015 %
Middle East and Africa	66	76
Europe	10	11
North America	4	3
Asia and others	20	10

As at 31 December 2016, trade receivables at nominal value of AED 58,908 thousand (2015: AED 57,180 thousand) were impaired. Movements on allowance for impairment of receivables were as follows:

Reconciliation between accounting profit and taxable profit:	2016 AED'000	2015 AED'000
At 1 January	57,180	52,783
Charge for the year (note 27)	10,424	12,281
Acquisition of subsidiaries	654	95
Amounts written-off	(9,350)	(7,979)
At 31 December	**58,908**	**57,180**

13. ACCOUNTS RECEIVABLE (CONTINUED)

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

		Past due but not impaired 2015 AED'000				
	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
2016	**754,420**	**593,926**	**126,920**	**21,956**	**11,618**	**–**
2015	731,232	600,248	83,273	30,035	17,676	–

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

See Note 35 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

14. OTHER CURRENT ASSETS

	2016 AED'000	2015 AED'000
Prepaid expenses	62,387	56,847
Advances and other receivables *	137,003	106,340
	199,390	**163,187**

* Advances and other receivables include an amount of AED Nil (2015: AED 2.9 million) due from a related party in connection with employees participating in an incentive plan as at 31 December 2016 and 2015.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:	2016 AED'000	2015 AED'000
Cash and short term deposits	701,296	707,158
Less: cash margin	(4,369)	(10,971)
Less: bank overdrafts (note 22)	(57,453)	(33,941)
	639,474	**662,246**

Included in cash and short term deposits are amounts totalling AED 409,302 thousand (31 December 2015: AED 345,310 thousand) of cash held at foreign banks abroad and amounts totalling approximately AED 69,779 of cash on delivery collected by the Group on behalf of customers , the same balance was recorded as trade payable at the consolidated statement of financial position.

16. SHARE CAPITAL

	2016 AED'000	2015 AED'000
Authorised, issued and paid up		
1,464,100,000 ordinary shares of AED 1 each (2015: 1,464,100,000 ordinary shares of AED 1 each)	1,464,100	1,464,100

17. RESERVES

Statutory reserve
In accordance with the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, 10% of the net profit for each year is required to be 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.

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.

18. RETAINED EARNINGS

Dividends

The General Assembly approved in its meeting held on 24 April 2016 a cash dividend for 2015 of 15% of the Company's share capital. The General Assembly approved in its meeting held on 19 April 2015 a cash dividend for 2014 of 14% of the Company's share capital.

Directors' fees paid

Directors' fees of AED 3.37 million representing remuneration for attending meetings and compensation for professional services rendered by the Directors for the year 2015 were paid in 2016 (2015: AED 3.59 million representing remuneration for attending meetings and compensation for professional services rendered by the Directors for the year 2014 were paid in 2015).

19. LOANS AND BORROWINGS

Reconciliation between accounting profit and taxable profit:	2016 AED'000	2015 AED'000
Non-current		
Term loan (a)	349,431	216,737
Finance lease obligations (b)	12,331	11,848
	361,762	**228,585**

Reconciliation between accounting profit and taxable profit:	2016 AED'000	2015 AED'000
Current		
Term loan (a)	196,532	74,064
Notes payable	480	380
Finance lease obligations (b)	14,869	13,506
	211,881	**87,950**

19. LOANS AND BORROWINGS (CONTINUED)

(a) Term Loans

HSBC loan (1)
During 2016, the Group entered into a 5 year term loan agreement with HSBC Bank Australia for a total amount of AED 108 million (AUD 39.6 million) bearing annual interest rate of AUD (BBSY) plus a margin of 1.5%. The term loan is repayable in 20 consecutive quarterly instalments; the first instalment was due on 30 June 2016. The purpose of this facility is to finance new acquisitions.

HSBC loan (2)
During 2016, the Group entered into a 5 year term loan agreement with HSBC Bank New Zealand for a total amount of AED 115 million (NZD 44.2 million) bearing annual interest rate of NZD (BKBM) plus a margin of 1.5%. The term loan is repayable in 20 consecutive quarterly instalments; the first instalment was due on 30 June 2016. The purpose of this facility is to finance new acquisitions.

* The principal instalments payable after 2016 are as follows:

Year	AED'000
2017	196,532
2018	75,162
2019	74,893
2020	44,818
2021 thereafter	154,558
	545,963

(b) Finance lease obligation

Future minimum annual payments under all non-cancellable finance leases together with the present value of the net minimum lease payments are as follows:

2016	Future minimum lease payments AED'000	Interest AED'000	Present value of minimum lease payments AED'000
Within one year	16,378	1,509	14,869
After one year but not more than five years	12,967	636	12,331
Total	**29,345**	**2,145**	**27,200**

2015	Future minimum lease payments AED'000	Interest AED'000	Present value of minimum lease payments AED'000
Within one year	15,045	1,539	13,506
After one year but not more than five years	12,542	694	11,848
Total	**27,587**	**2,233**	**25,354**

Finance lease obligations have maturities till 2021.
Interest rate on finance lease obligations ranges between 2.2% - 8%. (2015: 2.2% - 8%).

20. EMPLOYEES' END OF SERVICE BENEFITS

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

	2016 AED'000	2015 AED'000
Provision as at 1 January	129,544	117,717
Provided during the year	23,043	24,911
Paid during the year	(12,822)	(12,448)
Exchange differences	(968)	(636)
Provision as at 31 December	**138,797**	**129,544**
Actuarial gains and losses	–	–
Present value of the defined benefit obligations	**138,797**	**129,544**

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 Tunisia has outstanding overdrafts from Citi Bank of AED 456 thousand as at 31 December 2016 (2015: AED 4,253 thousand).

Aramex Algeria SARL has outstanding overdrafts from Citi Bank of AED 1,908 thousand as at 31 December 2016 (2015: AED Nil).

Aramex International LLC has outstanding overdrafts from HSBC of AED 55,089 thousand as at 31 December 2016 (2015: AED 19,833 thousand).

The Group maintains overdrafts and lines of credit with various banks. South Africa (Berco Express Limited) has outstanding lines of credit from (ABSA – Member of the BARCLAYS Group) of AED Nil as of 31 December 2016 (2015: AED 6,065 thousand).

Aramex Kenya Limited has outstanding bank overdraft from Citi Bank of AED Nil as at 31 December 2016 (2015: AED 2,196 thousand).

Aramex Egypt has outstanding overdrafts from Bank Misr of AED Nil as at 31 December 2016 (2015: AED 1,594 thousand).

23. OTHER CURRENT LIABILITIES

	2016 AED'000	2015 AED'000
Accrued expenses	364,788	341,225
Deferred revenue	52,508	14,817
Sales tax and other taxes	28,247	28,798
Income taxes payable	44,929	36,756
Customers' deposits	5,746	4,573
Social security taxes payable	6,462	9,975
Claims	33,333	21,973
Others	84,163	65,669
	620,176	**523,786**

24. EMPLOYEES' BENEFIT LIABILITY

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

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

The Group expects that the earnings target will be achieved for the remaining life of the plan and hence each option will have an exercise price of zero. During 2016, a number of employees exercised their share rights which were paid in cash.

The following tables list the inputs to the models used for the plan for the year ended 31 December 2016:

	2016 AED'000
Dividend yield (%) *	0
Risk–free interest rate (%)	2.4
Expected life (years)	6
Share price	4.07

Movements on employees' benefit liability were as follows:

	2016 AED'000	2015 AED'000
At 1 January	63,825	8,336
Employees benefit plan expense for the year	47,627	55,489
Paid during the year	(36,464)	–
At 31 December	**74,988**	**63,825**

25. REVENUE

	2016 AED'000	2015 AED'000
International express	1,687,115	1,387,173
Freight forwarding	1,130,717	1,203,176
Domestic express	981,258	729,245
Logistics	264,624	205,758
Publications and distribution	9,958	10,073
Others*	269,486	219,273
	4,343,158	**3,754,698**

* 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.

26. COST OF SERVICES

	2016 AED'000	2015 AED'000
International express	529,201	437,199
Freight forwarding	810,213	876,998
Domestic express	462,067	236,267
Logistics	65,399	43,278
Publications and distribution	5,730	6,239
Others*	38,555	26,629
	1,911,165	**1,626,610**

27. ADMINISTRATIVE EXPENSES

	2016 AED'000	2015 AED'000
Salaries and benefits	459,990	417,180
Rent	82,544	55,616
Depreciation	59,700	50,899
Communication expenses	43,408	35,072
Repairs and maintenance	31,289	19,097
Allowance for impairment of receivables (note 13)	10,424	12,281
Printing and stationary	7,956	7,763
Entertainment	9,352	9,504
Vehicle running expenses	4,905	4,420
Insurance and security	27,999	20,657
Government fees and taxes	37,392	35,724
Corporate social responsibility*	5,466	5,212
Sponsorship	194	166
Utilities	13,852	11,360
Travel expenses	20,478	16,723
Professional fees	41,150	28,809
Others	84,218	71,557
	940,317	**802,040**

* These amounts are paid to accredited well-known institutions that management has reviewed individually and it is comfortable that they comply with international ethical regulations.

28. OPERATING EXPENSES

	2016 AED'000	2015 AED'000
Salaries and benefits	539,159	509,344
Vehicle running and maintenance	88,109	82,939
Supplies	28,514	30,483
Communication expenses	7,339	6,704
Depreciation	39,470	30,372
Rent	67,694	61,435
Others	56,127	43,708
	826,412	**764,985**

29. OTHER INCOME, NET

	2016 AED'000	2015 AED'000
Exchange gain	13,412	460
Gain on sale of property, plant and equipment	3,852	12
Miscellaneous income	2,953	4,373
	20,217	**4,845**

30. 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	
	2016 AED'000	**2015 AED'000**
Rent expense – Companies controlled by the directors	1,389	1,389

Compensation of key management personnel of the Group

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

	2016 AED'000	**2015 AED'000**
Salaries and other short term benefits	12,256	12,287
End of service benefits	193	551
	12,449	**12,838**

Directors fees paid were disclosed in note (18)

Employees' benefit plan
Senior executive of the Group were granted phantom shares as detailed in Note (24).

Significant subsidiaries of the Group include:
Aramex Fastway Holdings PTY Ltd.
Aramex Jordan Ltd.
Aramex India Private Limited, India
Aramex International Egypt for Air and Local services (S.A.E), Egypt
Aramex Bahrain S.P.C
Aramex Emirates LLC, UAE
Aramex Ireland Limited
Aramex Nederland B.V.
Aramex South Africa PTY Ltd.

30. RELATED PARTY TRANSACTIONS (CONTINUED)

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.

The Group entered into a new joint venture agreement "Aramex Global solutions" with Australia Post (shareholder) for the purpose of providing global e-commerce solutions. (Note 9).

The Group disposed of 100% of its interest in Mail Call Couriers PTY Limited. The sale transaction was done to a related party (Note 8).

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year. The outstanding balances as at 31 December 2016 and 2015, are included in notes 13 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	Long term loan granted to related parties AED'000
Associates:						
	2016	**331**	**542**	**84**	**2**	**–**
	2015	333	350	57	–	–
Joint ventures in which the Parent is a venturer:						
	2016	**1,725**	**30,225**	**2,819**	**8,757**	**–**
	2015	881	22,132	2,495	8,550	1,767

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

31. EARNINGS PER SHARE

	31 December 2016	31 December 2015
Profit attributable to shareholders of the Parent (AED'000)	426,595	311,302
Weighted average number of shares during the year (shares)	1,464 million	1,464 million
Basic and diluted earnings per share (AED)	0.291	0.213

32. 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 150.24 million for the year ended 31 December 2016 (2015: AED 117.05 million). The Group believes that most operating leases will be renewed at comparable rates to the expiring leases.

Future minimum rental payables under non-cancellable operating lease as at 31 December are as follows:

	2016 AED'000	2015 AED'000
Within one year	153,190	148,629
After one year but not more than five years	511,079	435,349
More than five years	12,817	20,929
	677,086	**604,907**

33. SEGMENTAL INFORMATION

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

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

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

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

The following table presents revenue and profit information regarding the Group's operating segments for the years ended 31 December 2016 and 2015, respectively.

33. SEGMENTAL INFORMATION (CONTINUED)

	International express AED'000	Freight forwarding AED'000	Domestic express AED'000	Logistics AED'000	Others AED'000	Elimination AED'000	Total AED'000
Year ended 31 December 2016 **Revenue**							
Third party	1,687,115	1,130,717	981,258	264,624	279,444	–	4,343,158
Inter-segment	712,218	222,997	3,589	5,615	16,551	(960,970)	–
Total revenues	2,399,333	1,353,714	984,847	270,239	295,995	(960,970)	4,343,158
Gross profit	**1,157,914**	**320,503**	**519,191**	**199,225**	**235,160**	**–**	**2,431,993**
Year ended 31 December 2015 **Revenue**							
Third party	1,387,173	1,203,176	729,245	205,758	229,346	–	3,754,698
Inter-segment	603,043	243,734	1,024	4,563	7,942	(860,306)	–
Total revenues	1,990,216	1,446,910	730,269	210,321	237,288	(860,306)	3,754,698
Gross profit	**949,973**	**326,177**	**492,978**	**162,479**	**196,481**	**–**	**2,128,088**

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.

33. SEGMENTAL INFORMATION (CONTINUED)

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, Asia and others. In presenting information on the geographical segments, segment revenue is based on the geographical location of customers. Segments assets are based on the location of the assets.

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

	2016 AED'000	2015 AED'000
Revenues		
Middle East and Africa	2,797,963	2,764,837
Europe	563,904	544,803
North America	117,993	110,909
Asia and others	863,298	334,149
	4,343,158	**3,754,698**

Assets		
Middle East and Africa	2,752,965	2,724,636
Europe	385,532	407,435
North America	48,868	38,887
Asia and others	786,791	274,398
	3,974,156	**3,445,356**

33. SEGMENTAL INFORMATION (CONTINUED)

	2016 AED'000	2015 AED'000
Non- current assets*		
Middle East and Africa	797,457	697,115
Europe	63,782	68,386
North America	3,959	4,767
Asia and others	363,487	29,107
	1,228,685	**799,375**

Liabilities		
Middle East and Africa	1,172,115	1,061,664
Europe	81,484	102,025
North America	17,382	11,906
Asia and others	428,673	69,966
	1,699,654	**1,245,561**

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

34. COMMITMENTS AND CONTINGENCIES

Guarantees	2016 AED'000	2015 AED'000
Letters of guarantee	**100,414**	**110,018**

Capital commitments
As at 31 December 2016, the Group has capital commitments of AED 37.4 million (2015: AED 65.3 million) towards purchase/construction of property, plant and equipment.

Legal claims contingency
The Group is a defendant in a number of lawsuits amounting to AED 17,377 thousand representing legal actions and claims related to its ordinary course of business (2015: AED 22,600 thousand). The management and their legal advisors believe that the provision recorded of AED 6,090 thousand as of 31 December 2016 is sufficient to meet the obligations that may arise from the lawsuits (2015: AED 6,104 thousand).

35. 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).

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.

	Increase/ (decrease) in basis points	Effect on profit for the year AED'000
2016		
Variable rate instruments	+100	5,487
Variable rate instruments	-100	5,487
2015		
Variable rate instruments	+100	2,960
Variable rate instruments	-100	2,960

35. RISK MANAGEMENT (CONTINUED)

Credit risk

This is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks and financial institutions. The Group manages credit risk with its customers by establishing credit limits for customers' balances and also disconnects the service for customers exceeding certain limits for a certain period of time. Also, the diversity of the Group's customer base (residential, corporate, government agencies) limits the credit risk. The Group also has a credit department that continuously monitors the credit status of the Group's customers.

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

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The Group earns its revenues from a large number of customers spread across different geographical segments. However, geographically 66% 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.

At 31 December 2016 the Group had 5 customers (2015: 5 customers) that accounted for approximately 23% (2015: 21%) of all the receivables outstanding.

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.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

35. RISK MANAGEMENT (CONTINUED)

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

Year ended 31 December 2016

	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	24,608	182,887	84,533	291,309	–	583,337
Notes payable	56	163	191	141	–	551
Finance lease obligations	4,475	11,833	9,488	3,549	–	29,345
Bank overdraft	57,578	–	–	–	–	57,578
Trade and other payables	755,967	–	–	–	–	755,967
	842,684	**194,883**	**94,212**	**294,999**	**–**	**1,426,778**

Year ended 31 December 2015

	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	21,997	56,100	63,776	156,952	–	298,825
Notes payable	155	285	–	–	–	440
Finance lease obligations	4,117	10,928	9,383	3,159	–	27,587
Bank overdraft	35,057	–	–	–	–	35,057
Trade and other payables	634,300	–	–	–	–	634,300
	695,626	**67,313**	**73,159**	**160,111**	**–**	**996,209**

35. RISK MANAGEMENT (CONTINUED)

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(EGP), Sterling (GBP), South African Rand(ZAR), Turkish Lira (TR) and the Indian Rupee (INR). The currencies in which these transactions are primarily denominated are Euro, USD, ZAR, TYL 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.

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

The following table demonstrates the sensitivity to a reasonably possible change in the 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
2016		
EUR	+10	1,738
INR	+10	340
GBP	+10	4,017
EGP	+10	112
TYL	+10	190
ZAR	+10	142

35. RISK MANAGEMENT (CONTINUED)

	Changes in currency rate to AED %	Effect on profit before tax AED'000
2015		
EUR	+10	1,239
INR	+10	694
GBP	+10	60
EGP	+10	231
TYL	+10	137
ZAR	+10	37

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 2016 and 31 December 2015. Capital comprises share capital, statutory reserve, reserve arising from acquisition of non-controlling interests and retained earnings, and is measured at AED 2,616,044 thousand as at 31 December 2016 (2015: AED 2,417,352 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. 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.

36. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, receivables, available for sale financial assets 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.

37. 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 813,328 thousand (2015: AED 788,412 thousand) and the provision for doubtful debts was AED 58,908 thousand (2015: AED 57,180 thousand). Any difference between the amounts actually collected in future periods and the amounts expected to be collected will be recognised in the consolidated 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.

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 which ranges between 8% to 10% 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.

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.

Intangible assets with indefinite lives
Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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