Aramex PJSC and its Subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2012

ERNST & YOUNG

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ARAMEX PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Aramex PJSC and its subsidiaries ("the Group") as at 30 September 2012, comprising the interim consolidated statement of financial position as at 30 September 2012 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended and the related interim consolidated statements of changes in equity and cash flows for the nine-month period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting "IAS 34"*. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Ernst & Young

Signed by
Ashraf Abu-Sharkh
Partner
Registration no. 690

29 October 2012
Dubai, United Arab Emirates

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012 (Unaudited)

	Notes	30 September 2012 AED'000 (Unaudited)	31 December 2011 AED'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	519,580	445,360
Goodwill		1,010,109	1,010,109
Other intangible assets		27,785	30,357
Available-for-sale financial assets		-	2,219
Investments in joint ventures	6	55,477	18,108
Investment in an associate		1,138	1,271
Deferred tax assets		2,147	2,555
Other non-current assets		48	72
		1,616,284	1,510,051
Current assets			
Accounts receivable, net		556,921	499,671
Other current assets		180,413	169,048
Bank balances and cash	7	276,767	314,011
		1,014,101	982,730
TOTAL ASSETS		2,630,385	2,492,781
EQUITY AND LIABILITIES			
Equity			
Share capital		1,464,100	1,464,100
Statutory reserve		87,312	87,312
Foreign currency translation reserve		(23,511)	(17,703)
Fair value reserve		-	(502)
Cash-flow hedge reserve	9	(2,989)	-
Reserve arising from acquisition of non-controlling interests		(16,011)	(15,278)
Retained earnings		450,104	347,181
Equity attributable to equity holders of the Parent		1,959,005	1,865,110
Non-controlling interests		33,317	30,972
Total equity		1,992,322	1,896,082
Non-current liabilities			
Interest-bearing loans and borrowings		8,569	9,637
Employees' end of service benefits		87,262	79,660
Other non-current liabilities		851	1,200
Deferred tax liabilities		1,530	1,117
		98,212	91,614
Current liabilities			
Accounts payable		162,926	163,222
Bank overdrafts	7	15,495	19,445
Interest-bearing loans and borrowings		13,611	12,001
Other current liabilities		347,819	310,417
		539,851	505,085
Total liabilities		638,063	596,699
TOTAL EQUITY AND LIABILITIES		2,630,385	2,492,781

A-Mazmi

Abdullah Al Mazrui
(Chairman)

Fadi Ghandour
(Founder & CEO)

Emad Shishtawi
(Senior Vice President Finance)

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three and nine months ended 30 September 2012 (Unaudited)

	Notes	*Three months ended 30 September* 2012 AED'000	2011 AED'000	*Nine months ended 30 September* 2012 AED'000	2011 AED'000
Continuing operations					
Rendering of services		**765,207**	650,008	**2,291,250**	1,889,652
Cost of services		**(359,569)**	(315,074)	**(1,060,337)**	(895,940)
Gross profit		**405,638**	334,934	**1,230,913**	993,712
Share of results of joint ventures		**(295)**	(78)	**(440)**	(487)
Share of results of an associate		**(71)**	(69)	**(133)**	(69)
Selling and marketing expenses		**(36,258)**	(30,102)	**(110,400)**	(91,400)
Administrative expenses		**(151,022)**	(118,407)	**(449,499)**	(347,726)
Operating expenses		**(154,895)**	(127,896)	**(451,856)**	(371,138)
Other income (expense)		**2,074**	(293)	**3,397**	1,664
Operating profit		**65,171**	58,089	**221,982**	184,556
Finance income		**399**	1,539	**2,033**	6,831
Finance expense		**(1,253)**	(254)	**(2,049)**	(639)
Gain from sale of available –for- sale financial assets		**-**	-	**280**	-
Profit from continuing operations before tax		**64,317**	59,374	**222,246**	190,748
Income tax		**(7,215)**	(4,625)	**(21,357)**	(13,232)
Profit for the period from continuing operations		**57,102**	54,749	**200,889**	177,516
Discontinued operations					
Profit (loss) after tax from discontinued operations	8	**389**	(130)	**(142)**	389
Profit for the period		**57,491**	54,619	**200,747**	177,905
Attributable to:					
Equity holders of the parent					
Profit for the period from continuing operations		**52,644**	48,134	**178,292**	154,081
Profit (loss) for the period from discontinued operations		**484**	(98)	**86**	291
		53,128	48,036	**178,378**	154,372
Non-controlling interests					
Profit for the period from continuing operations		**4,458**	6,615	**22,597**	23,435
(Loss) profit for the period from discontinued operations		**(95)**	(32)	**(228)**	98
		4,363	6,583	**22,369**	23,533
		57,491	54,619	**200,747**	177,905
Earnings per share attributable to the equity holders of the Parent:	10				
Basic and diluted earnings per share		**0.036**	0.033	**0.122**	0.105
Basic and diluted earnings per share from continuing operations		**0.036**	0.033	**0.122**	0.105

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and nine months ended 30 September 2012 (Unaudited)

		Three months ended 30 September		*Nine months ended 30 September*	
	Notes	***2012*** ***AED'000***	*2011* *AED'000*	***2012*** ***AED'000***	*2011* *AED'000*
Profit for the period		**57,491**	**54,619**	**200,747**	**177,905**
Other comprehensive income (expense), net of tax:					
Exchange differences on translation of foreign operations		**2,710**	(3,723)	**(5,402)**	(5,855)
Net (loss) gain on available - for- sale financial assets		**-**	(211)	**782**	(1,109)
Gain realized on sale of available-for-sale financial assets transferred to statement of income		**-**	-	**(280)**	-
Net movement of cash flow hedge	9	**(1,257)**	-	**(2,989)**	-
Other comprehensive income (expense) for the period, net of tax		**1,453**	(3,934)	**(7,889)**	(6,964)
Total comprehensive income for the period		**58,944**	50,685	**192,858**	170,941
Total comprehensive income attributable to:					
Equity holders of the Parent		54,393	44,029	**170,083**	147,814
Non-controlling interests		4,551	6,656	**22,775**	23,127
		58,944	50,685	**192,858**	170,941

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2012 (Unaudited)

	Attributable to equity holders of the Parent									
	Share capital AED'000	Statutory reserve AED'000	Foreign currency translation reserve AED'000	Fair value reserve AED'000	Cash flow hedge reserve AED'000	Reserve arising from acquisition of non-controlling interests AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total AED'000
Nine month period ended 30 September 2012										
At 1 January 2012	1,464,100	87,312	(17,703)	(502)	-	(15,278)	347,181	1,865,110	30,972	1,896,082
Total comprehensive income for the period	-	-	(5,808)	502	(2,989)	-	178,378	170,083	22,775	192,858
Acquisition of non – controlling interests (note 3)	-	-	-	-	-	(733)	-	(733)	(185)	(918)
Directors' fees paid	-	-	-	-	-	-	(2,250)	(2,250)	-	(2,250)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(21,177)	(21,177)
Non-controlling interests	-	-	-	-	-	-	-	-	932	932
Dividends paid to shareholders (note 4)	-	-	-	-	-	-	(73,205)	(73,205)	-	(73,205)
At 30 September 2012	**1,464,100**	**87,312**	**(23,511)**	**-**	**(2,989)**	**(16,011)**	**450,104**	**1,959,005**	**33,317**	**1,992,322**
Nine month period ended 30 September 2011										
At 1 January 2011	1,464,100	62,274	(6,335)	1,268	-	(12,397)	272,089	1,780,999	24,577	1,805,576
Total comprehensive income for the period	-	-	(5,448)	(1,109)	-	-	154,371	147,814	23,127	170,941
Acquisition of non – controlling interests (note 3)	-	-	-	-	-	(2,881)	-	(2,881)	(1,134)	(4,015)
Directors' fees paid	-	-	-	-	-	-	(1,600)	(1,600)	-	(1,600)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(14,805)	(14,805)
Acquisition of subsidiaries (note 3)	-	-	-	-	-	-	-	-	2,072	2,072
Non-controlling interests	-	-	-	-	-	-	-	-	(11,033)	(11,033)
Dividends paid to shareholders (note 4)	-	-	-	-	-	-	(109,808)	(109,808)	-	(109,808)
At 30 September 2011	1,464,100	62,274	(11,783)	159	-	(15,278)	315,052	1,814,524	22,804	1,837,328

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2012 (Unaudited)

	Note	*Nine month period ended 30 September* 2012 AED '000	2011 AED '000
OPERATING ACTIVITIES			
Profit before tax from continuing operations		**222,246**	190,748
(Loss) profit before tax from discontinued operations	8	**(142)**	518
Profit before tax		**222,104**	191,266
Adjustments for:			
Depreciation of property, plant and equipment		**51,038**	41,401
Amortization of other intangible assets		**2,574**	1,795
(Gain) loss on disposal of property, plant and equipment		**(663)**	164
Provision for employees' end of service benefits		**14,575**	14,090
Provision for doubtful accounts, net		**12,580**	7,543
Net finance income (expense)		**16**	(6,192)
Gain from sale of available-for-sale financial assets		**(280)**	-
Share of results of joint ventures		**440**	487
Share of results of an associate		**133**	69
Gain on disposal of the discontinued operation	8	**(771)**	-
Working capital changes:			
Accounts receivable		**(70,259)**	(95,448)
Accounts payable		**129**	(1,649)
Other current assets		**(8,217)**	(23,445)
Other current liabilities		**32,489**	18,718
Cash from operations		**255,888**	148,800
Employees' end of service benefits paid		**(6,173)**	(4,175)
Income tax paid		**(18,247)**	(10,800)
Net cash flows from operating activities		**231,468**	133,825
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(129,281)**	(102,575)
Proceeds from sale of property, plant and equipment		**3,560**	1,246
Proceeds from sale of available-for-sale financial assets		**3,000**	-
Interest received		**2,033**	6,831
Acquisition of a subsidiaries, net of cash acquired		**-**	(9,939)
Acquisition of non – controlling interest	3	**(918)**	(3,456)
Proceeds from sale of a subsidiary, net of cash	8	**176**	-
Other non–current assets		**24**	(545)
Margin deposits		**785**	(2,438)
Intangible assets		**(353)**	(2,884)
Investments in a joint venture		**(37,734)**	-
Investment in an associate		**-**	(1,471)
Net cash flows used in investing activities		**(158,708)**	(115,231)
FINANCING ACTIVITIES			
Interest paid		**(2,049)**	(639)
Net proceeds from (repayment of) loans and borrowings		**616**	(4,870)
Dividends of subsidiaries		**(21,177)**	(14,805)
Non-controlling interests		**932**	(11,033)
Directors' fees paid		**(2,250)**	(1,600)
Dividends paid to shareholders		**(73,205)**	(109,808)
Net cash flows used in financing activities		**(97,133)**	(142,755)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(24,373)**	(124,161)
Net foreign exchange difference		**(8,136)**	(5,795)
Cash and cash equivalents at 1 January	7	**280,879**	536,542
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	7	**248,370**	406,586

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

1 ACTIVITIES

Aramex PJSC ("the Parent Company") is a Public Joint Stock Company registered in the Emirate of Dubai, United Arab Emirates on 15 February 2005 under UAE Federal Law No 8 of 1984 (as amended). The condensed consolidated financial statements of the Company as at 30 September 2012 comprise the Parent company and its subsidiaries (collectively referred to as "the Group" and individually as "Group entities").

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

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

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

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 29 October 2012.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation
The interim condensed consolidated financial statements for the nine months ended 30 September 2012 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2011. In addition, results for the nine months ended 30 September 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

Changes in accounting policies
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2011, except for the following amended IFRS effects as of 1 January 2012:

IAS 12 Income Taxes - Recovery of Underlying Assets.

IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

The adoption of the new amendments to IFRS did not have an impact on the financial statements of the Group.

Accounting policies
The accounting policies adopted by the Group relating to bank balances and short term deposits and derivative financial instruments are as follows:

Cash and short term deposits
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts and cash margin.

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

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the consolidated statement of comprehensive income.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Accounting policies (continued)
Derivative financial instruments (continued)
The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

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

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

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

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, while any ineffective portion is recognized immediately in the statement of income.

Amounts taken to equity are transferred to the consolidated statement of income when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognized.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in equity are transferred to the consolidated statement of income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast transaction or firm commitment occurs.

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

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

3 ACQUISITION OF NON-CONTROLLING INTEREST

Acquisition of additional interest in Aramex Courier, Freight and Logistics Services LLC – Erbil
On 25 April 2012, the Group acquired an additional 20% interest of the voting shares of Aramex Courier, Freight and Logistics Services LLC – Erbil, increasing its ownership interest to 100%. A consideration of AED 918 thousand was paid to the non-controlling interest shareholders. The carrying value of the net assets of Aramex Courier, Freight and Logistics Services LLC – Erbil at the acquisition date was AED 924 thousand, and the carrying value of the additional interest acquired was measured at AED 185 thousand. The difference of AED 733 thousand between the consideration paid and the carrying value of the interest acquired has been recognised within equity as a reserve arising from acquisition of non-controlling interests.

4 DIVIDENDS

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

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

5 PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 30 September 2012, the Group acquired property, plant and equipment with a cost of AED 129.3 million (nine months ended 30 September 2011: AED 102.6 million).

6 INVESTMENT IN JOINT VENTURES

i). Aramex Sinotrans Co. Ltd

During the nine months ended 30 September 2012, the Group entered into a joint venture agreement to establish and operate a joint venture company named Aramex Sinotrans Co. Ltd located in China which is involved in the international mail, freight forwarding, logistics and warehousing. The Group has a 50% interest in Sinotrans. Sinotrans Express Limited is a private entity that is not listed on any public exchange.

ii). Aramex Al Mashreq for Logistic Services S.A.E

During the nine months ended 30 September 2012, the Group paid an amount of AED 32.2 million in respect of capital increase of its joint venture (Aramex Al Mashreq for Logistic Services S.A.E).

7 CASH AND CASH EQUIVALENTS

	30 September 2012 AED'000	*31 December 2011 AED'000*
Cash and short term deposits	**276,767**	314,011
Less: Cash margin	**(12,902)**	(13,687)
Less: Bank overdrafts	**(15,495)**	(19,445)
	248,370	280,879

Included within bank balances and cash are amounts totaling AED 162,728 thousand (31 December 2011: AED 163,335 thousand) held at foreign banks abroad.

8 DISCONTINUED OPERATION

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

8 DISCONTINUED OPERATION (continued)

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

	For the Nine month period ended 30 September	
	2012 ***AED '000***	*2011* *AED '000*
Revenue	**3,304**	4,432
Expenses	**(1,695)**	(1,696)
Gross profit	**1,609**	2,736
Less: Overheads	**(2,423)**	(2,088)
Operating (loss) income	**(814)**	648
Add: Other income	**126**	118
Less: Expenses	**(225)**	(247)
(Loss) profit before tax from the discontinued operation	**(913)**	519
Income tax expense	**-**	(130)
Gain on disposal of the discontinued operation	**771**	-
(Loss) profit after tax for the period from the discontinued operation	**(142)**	389
Cash outflow on sale:		
Consideration received	**367**	
Cash included as cash and cash equivalents at 30 September in the statement of cash flows	**(191)**	
Net cash inflow	**176**	

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

	For the Nine month period ended 30 September	
	2012 ***AED '000***	*2011* *AED '000*
Operating	**182**	(355)
Investing	**(431)**	(338)
Financing	**73**	48
Net cash outflow	**(176)**	(645)

9 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

As of 30 September 2012, the cash flow hedges were assessed to be highly effective and an unrealized loss of AED 2,989 thousand was included in other comprehensive income, and the corresponding negative fair value of the interest rate swap deal was recorded as a liability in the statement of financial position.

10 EARNINGS PER SHARE

	Three months ended 30 September		*Nine months ended 30 September*	
	2012	*2011*	***2012***	*2011*
Profit attributable to shareholders of the Parent (AED'000)	**53,128**	48,036	**178,378**	154,372
Weighted average number of shares during the period (shares)	**1,464.1 million**	1,464.1 million	**1,464.1 million**	1,464.1 million
Basic and diluted earnings per share (AED)	**0.036**	0.033	**0.122**	0.105

11 SEGMENT INFORMATION

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

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

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

11 SEGMENT INFORMATION (continued)

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 segment for the nine months ended 30 September 2012 and 2011, respectively.

	International express AED'000	*Freight forwarding AED'000*	*Domestic express AED'000*	*Logistics AED'000*	*Others AED'000*	*Eliminations AED'000*	*Total AED'000*
Nine months ended 30 September 2012							
Revenue							
Third party	**729,320**	**873,612**	**439,623**	**97,883**	**150,812**	**-**	**2,291,250**
Inter-segment	**319,271**	**156,726**	**11,368**	**2,978**	**3,422**	**(493,765)**	**-**
Total revenue	**1,048,591**	**1,030,338**	**450,991**	**100,861**	**154,234**	**(493,765)**	**2,291,250**
Gross profit	**478,480**	**230,158**	**319,946**	**81,830**	**120,499**	**-**	**1,230,913**
Nine months ended 30 September 2011							
Revenue							
Third party	608,534	797,676	270,343	80,400	132,699	-	1,889,652
Inter-segment	273,449	131,407	12,629	1,518	3,335	(422,338)	-
Total revenue	881,983	929,083	282,972	81,918	136,034	(422,338)	1,889,652
Gross profit	396,730	220,890	207,729	65,313	103,050	-	993,712

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

Geographical Information

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

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

	Nine months ended 30 September	
	2012 AED'000	*2011 AED'000*
Revenues		
Middle East and Africa	**1,657,821**	1,303,497
Europe	**380,504**	371,136
North America	**47,922**	35,637
Asia	**205,003**	179,382
	2,291,250	1,889,652

11 SEGMENT INFORMATION (continued)

	30 September 2012 AED'000	*31 December 2011 AED'000*
Assets		
Middle East and Africa	**2,138,958**	2,071,639
Europe	**349,675**	296,697
North America	**26,261**	24,993
Asia	**115,491**	99,452
	2,630,385	2,492,781

	30 September 2012 AED'000	*31 December 2011 AED'000*
Non – current assets*		
Middle East and Africa	**505,074**	448,014
Europe	**71,831**	24,877
North America	**8,567**	9,677
Asia	**18,508**	12,528
	603,980	495,096

	30 September 2012 AED'000	*31 December 2011 AED'000*
Liabilities		
Middle East and Africa	**467,455**	432,887
Europe	**111,275**	111,526
North America	**16,872**	15,050
Asia	**42,461**	37,236
	638,063	596,699

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

12 COMMITMENTS AND CONTINGENCIES

	30 September 2012 AED'000	*31 December 2011 AED'000*
Letters of guarantee	**62,147**	60,822

Capital commitments

As at 30 September 2012, the Group has capital commitments of AED 11.45 million (31 December 2011: AED 9.04 million) towards the purchase/construction of property, plant and equipment.

13 RELATED PARTY TRANSACTIONS

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

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

	Related party			*Total*	
	Officers *AED'000*	*Companies controlled by the directors* *AED'000*	*Directors* *AED'000*	***30 September 2012*** ***AED'000***	*30 September 2011* *AED'000*
Rent expense	**137**	**1,078**	**-**	**1,215**	5,638

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

	30 September 2012 ***AED'000***	*30 September 2011* *AED'000*
Salaries and other short term benefits	**9,969**	8,565
End of service benefits	**290**	260

14 SEASONALITY OF OPERATIONS

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