

Red Star Express 

2016
ANNUAL REPORT
AND ACCOUNTS

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CORPORATE PROFILE

continued

Began Operations:

October 12, 1992

Became Publicly Quoted November 14, 2007

Head Office:

70, International Airport Road, Isolo, Lagos

Tel: 01-2715670-6, 0700REDSTAR

E-mail: enquiries@redstarplc.com

Website: www.redstarplc.com

www.fedex.com

Staff Strength: Over 1500

Vehicle Fleet: 750

Express Centres: 166

Track Record:

International Partner:

Federal Express Corporation (FedEx), USA

Red Star Express became a licensee of FedEx in Nigeria in 1994. FedEx is the world's largest express transportation company, with over 670 operational air planes and 75,000 vehicles, delivering more than 7.5 million packages per day. It provides customers and businesses worldwide with the broadest portfolio on transportation, e-commerce and business services. With annual revenue of above \$30 billion, it offers integrated business applications through operating companies managed collaboratively under the FedEx brand. Consistently ranked among most admired and trusted employers, FedEx inspires its more than 290, 000 employees to remain absolutely, positively focused on safety, the highest ethical standard as well as the needs of their customers and communities.

International Network:

- Fleet of 670 own aircraft
 - 43,500 own vehicles
 - 214 countries served
 - Over 140,000 professional personnel
 - Over 18 million pounds daily capacity
 - Over 3.3 million packages daily
 - Worldwide certification by ISO since 1994
- The most advanced computer network and customer database in the courier industry (the COSMOS)

ISO 9002: 2008
Certification
of Quality Service



CORPORATE PROFILE

continued

Our Vision

To be the logistics company of first choice
known for global best practices



Our Mission

We will provide value added logistics solutions that
will be secure, prompt and effective through:



- **PEOPLE:** Employing, developing, and retaining a well-motivated team oriented workforce, sharing common ideals and values.
- **SERVICE:** Evolving and marketing a range of technology-driven services designed to meet the diverse needs of customers.
- **PROFIT:** Ensuring that our operations reflect a commitment to quality and are profitable at all times through prudent management.



CORPORATE PROFILE

continued

VALUES

Our values are what we hold dear to our heart in the course of our business operations. The industry and all stakeholders will know us for the following:

Ethical practice: Red Star Express shall play by the rules, doing its business in line with International and local laws. The company will be professional in the discharge of its duties to all stakeholders and it will demand the same from all.

Relationship building: We will strive to establish a direct one to one relationship with every of its customers by satisfying its customers through customisation of service.

Entrepreneurship: We will continue to identify new opportunities and discover new ways to do old processes through its people, its processes and technology.

Excellence: Red Star Express will promote excellence through optimal productivity of all people in the company at all times.

QUALITY POLICY

Red Star Express will meet supply chain management and business support services to her customers at all times by satisfying their changing needs and continually improving on the quality of service.

We will achieve this by using modern technology and employing highly skilled and well-motivated work force to ultimately maximize returns to stakeholders.

DOMESTIC NETWORK

- 169 offices within Nigeria
- Deliveries to additional 1,520 communities
- Over 1,800 highly trained staff
- Over 660 vehicle fleet



COMPANY AND SUBSIDIARIES

Red Star Express

Licensee of Federal Express Corporation



- * Express delivery of documents and parcels
- * International pick up and delivery
- * Prompt delivery of bulk mails*

Red Star Logistics

A Subsidiary of Red Star Express Plc



- * Nationwide Haulage
- * Reversed logistics
- * Warehousing
- * Inventory Management
- * Dedicated truck Service
- * Parcel consolidation and bulk deliveries *

Red Star Freight

A Subsidiary of Red Star Express Plc



- * Air and Sea Freight*
- * Import and Export*
- * Custom Clearance
- * International and Domestic Freight Forwarding
- * Packing and removal of personal effects
- * Dangerous goods Handling*
- * Regulatory documentation*

Red Star Support Services

A Subsidiary of Red Star Express Plc



- * Mail management services
- * Dedicated despatch service
- * Pool Vehicle service
- * Document archival*
- * Shuttle Services
- * Executive Driver Services *



NOTICE OF ANNUAL GENERAL MEETING

For the Year ended 31 March 2016

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting of Red Star Express Plc. will be held at the Civic Centre, Ozumba Mbadiwe, Victoria Island, Lagos on Thursday August 18, 2016 at 11.00a.m. to transact the following:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st March 2016 and the Report of the Directors, Auditors and Audit Committee thereon.
2. To declare a Dividend.
3. To re-elect Directors.
4. To authorize the Directors to fix the remuneration of Auditors.
5. To elect members of the Audit Committee.

BY ORDER OF THE BOARD



FRANCES NDIDI AKPOMUKA
COMPANY SECRETARY/LEGAL ADVISER
FRC/2013/ICSAN/00000002640

Registered Office
70 International Airport Road
Mafoluku, Lagos.

NOTE:

1 PROXY

A member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her stead. A duly stamped and signed Proxy Form may be deposited at the Registrar's office, United Securities Limited, 10. Amodu Ojikutu Street, Victoria Island, Lagos not later than 48 hours before the time for holding the meeting. A blank proxy form is attached to the Annual Report.

2 CLOSURE OF REGISTER AND TRANSFER OF BOOKS

The Register of Members and Transfer of Books of the Company will be closed from 27th to 29th July 2016 both dates inclusive to enable the presentation of an up to date Register.

3 DIVIDEND PAYMENT

If the recommendation for dividend is approved, dividend of 35 kobo per 50 kobo share will be posted on September 1, 2016.



NOTICE OF ANNUAL GENERAL MEETING

continued

4 ELECTION OF DIRECTORS

Dr. Mohammed Hassan Koguna and Sir Chris Ogbechie are being presented for reelection. Their profiles are available in the Annual Report and on the Company's website, www.redstarplc.com

5 NOMINATION FOR AUDIT COMMITTEE

In accordance with section 359(5) of the Companies and Allied Matters Act, CAP 20 LFN 2004, any member may nominate another shareholder as a member of the Audit Committee, by giving notice in writing to such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

6 SHAREHOLDERS DATA UPDATE

Shareholders are requested to update their records with the Registrars, United Securities Limited, 10 Amodu Ojikutu Street, Victoria Island, Lagos. Detachable forms in respect of mandate for e-dividend payment and shareholders data update are attached to the Annual Report for convenience.

Some dividend warrants have remained unclaimed or are yet to be presented for payment or revalidation. Affected shareholders are to contact the Registrars or the Company Secretary.

7 RIGHTS OF SECURITIES' HOLDERS TO ASK QUESTIONS

Securities' holders have a right to ask questions not only at the meeting, but also in writing prior to the meeting, and such questions must be submitted to the company on or before 18th day of August 2016.



CORPORATE INFORMATION

For the Year ended 31 March 2016

BOARD OF DIRECTORS: Dr. M. H. Koguna Chairman
Sule Umar Bichi Managing Director/Chief Executive
Muyiwa Olumekun Executive Director (Contract expired, 31 August, 2015)
Isaac Orolugbagbe Non-Executive Director
Aminu Dangana Non-Executive Director
Sulaiman L. Koguna Non-Executive Director
Chris Ogbechie Non-Executive Director

REGISTERED OFFICE: 70, International Airport Road,
Lagos.
Tel: 01-2715670-6
Email: enquiries@redstarplc.com
[Http://www.redstarplc.com](http://www.redstarplc.com)

REGISTERED NUMBER RC No. 200303

FRC NUMBER: FRC/2012/0000000000253

SECRETARY: Frances Ndidi Akpomuka

AUDITORS: Ernst & Young
10 & 13th Floor, UBA House,
Marina, Lagos.

REGISTRARS: United Securities Limited
10, Amodu Ojikutu Street,
Victoria Island Lagos.

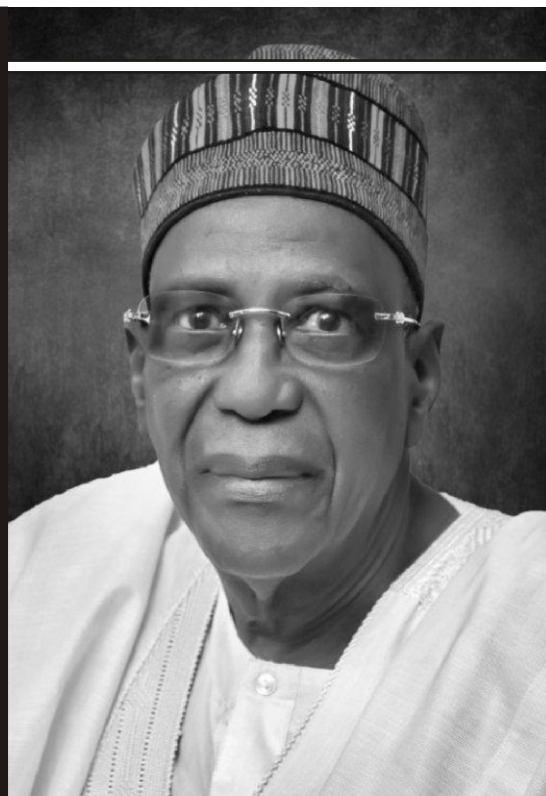
SOLICITORS: Uwensuyi Edosomwan & Co.
195A, Corporation Drive,
Dolphin Estate,
Ikoyi, Lagos.

BANKERS: Guaranty Trust Bank Plc
Diamond Bank Plc
Zenith Bank Plc
Access Bank Plc
Stanbic IBTC Bank Plc
Skye Bank Plc
First Bank of Nigeria Ltd
Fidelity Bank Plc
United Bank for Africa Plc
Ecobank Plc
Sterling Bank Plc



BOARD OF DIRECTORS

Who held office during the Financial Year



DR. MOHAMMED H. KOGUNA
Chairman



SULE UMAR BICHI
Managing Director/CEO



MUYIWA OLUMEKUN
Executive Director

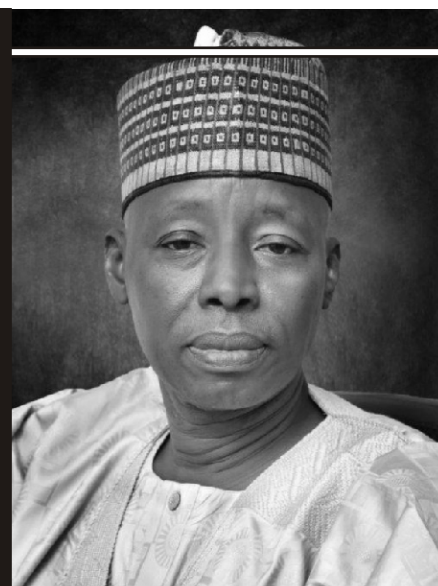


BOARD OF DIRECTORS

Who held office during the Financial Year



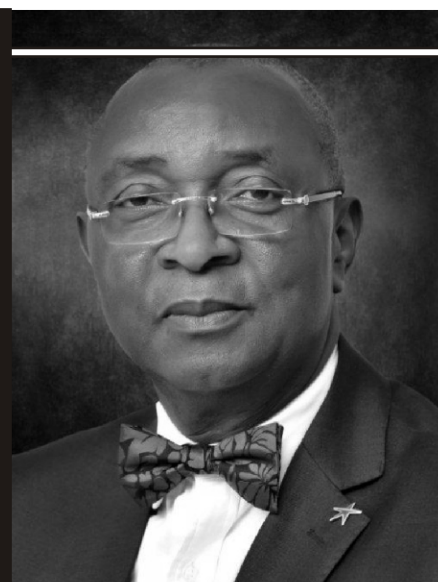
ISAAC OROLUGBAGBE
Non-Executive Director



ALHAJI AMINU DANGANA
Non-Executive Director



SULAIMAN LAWAN KOGUNA
Non-Executive Director



CHRIS IKE OGBECHIE
Non-Executive Director

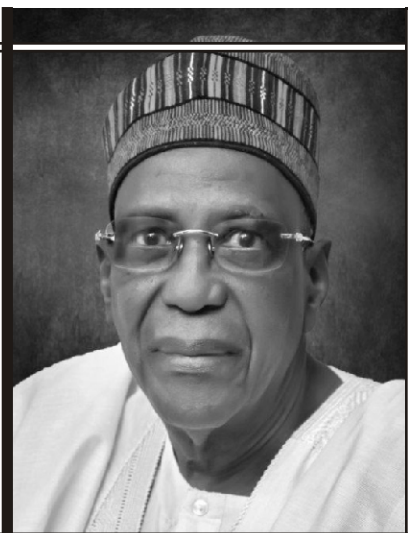


CURRENT BOARD OF DIRECTORS

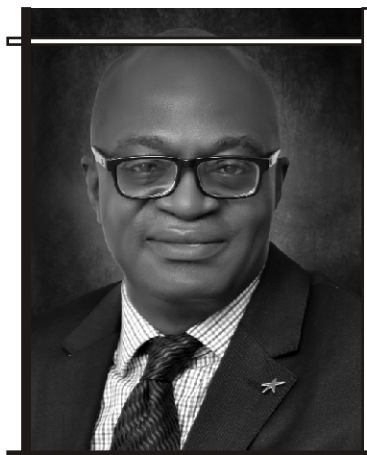
Effective April 1, 2016



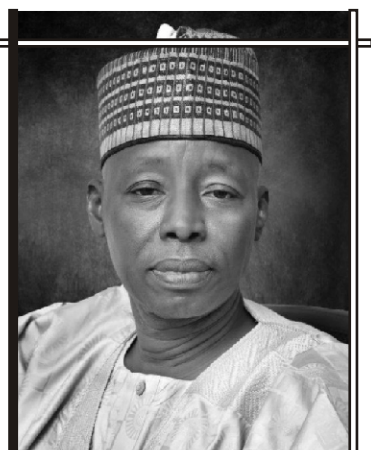
SULE UMAR BICHI
Managing Director/CEO



DR. MOHAMMED H. KOGUNA
Chairman



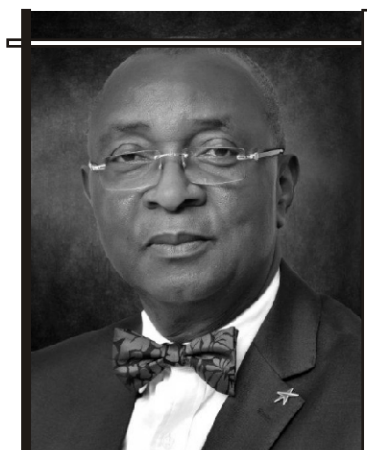
ISAAC OROLUGBAGBE
Non-Executive Director



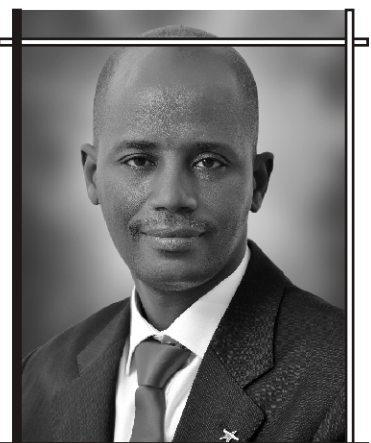
ALHAJI AMINU DANGANA
Non-Executive Director



SULAIMAN LAWAN KOGUNA
Non-Executive Director



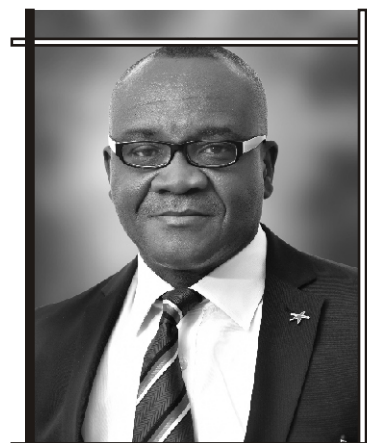
CHRIS IKE OGBECHIE
Non-Executive Director



BABAURA, BADAMASI AUWALU
Executive Director,
Finance and Administration



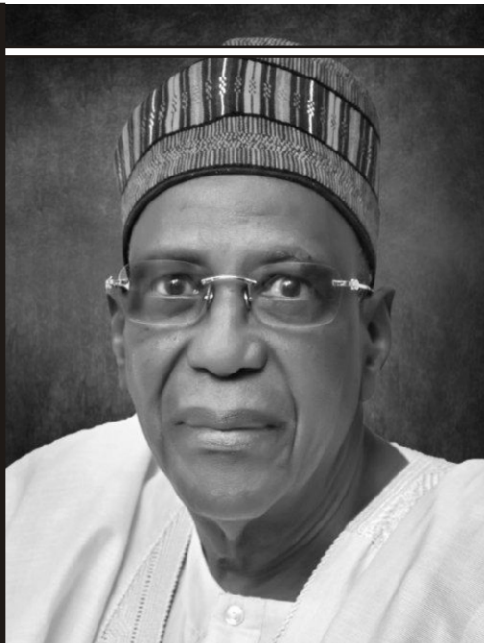
OBABORI, PETER OLUSOLA
Group Deputy Managing Director/
Chief Executive Officer



UKWAT, ENOBONG VICTOR
Executive Director, Sales and Marketing.



PROFILE OF DIRECTORS FOR RE-ELECTION



DR. MOHAMMED H. KOGUNA
Chairman

Dr. Mohammed Hassan Koguna (Chairman)

Dr. Mohammed Hassan Koguna is an accomplished and astute business entrepreneur who commenced his professional career at the United African Company (UAC) in 1955. He rose to the position of General Manager in UNIC (a subsidiary of UAC) before retiring into private practice. His main area of interest is Insurance and he was Past President & Fellow, The Nigerian Council of Registered Insurance Brokers (NCRIB); Council Member & Fellow, Nigerian Insurance Institute; Director, Continental Re; Chairman, Koguna Babura Insurance Brokers Limited. He has also served on the board of several companies notably; Director, UACN; Chairman, CAP Plc.; Chairman, Costain (WA) Plc; Chairman, UNIC Insurance Plc., amongst others. Dr. Koguna also held the position of Vice President & Council Member, Nigerian Stock Exchange. He is currently a Director Citibank Nigeria Limited (Member Citigroup).

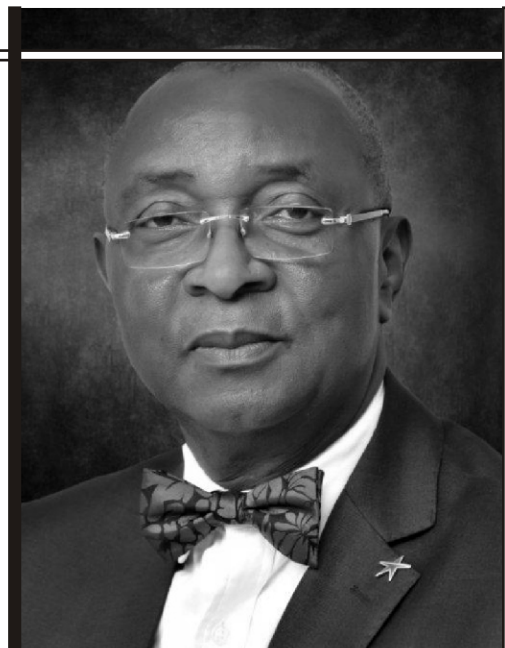
Owing to his contribution to business development in Nigeria and his philanthropic nature, he was conferred with the title of Durbin Kano by the Emir of Kano, HRM Alh. Ado Bayero. He is also Honorary Consul, Republic of Turkey. Dr. Koguna was awarded a Doctorate Degree in Business Administration (Honoris Causa) by the Enugu State University of Science & Technology (ESUT).

OGBECHIE CHRIS IKE (Non-Executive Director)

Sir Ogbechie holds a B.Sc (1st Class Hon) Mechanical Engineering from University of Manchester England, MBA from Manchester Business School, England and PhD from Brunel University, Middlesex England.

His professional experience spans various disciplines including Marketing, Sales, Management, Entrepreneurship, Consulting and Academics.

He is a Faculty member, Lagos Business School, Lagos, Nigeria and Strathmore Business School, Nairobi Kenya with special bias in Strategic Management, Corporate Governance, Corporate Social Responsibility and Sustainability. He has published several books and sits on the board of various companies including Diamond bank Plc. He is married with children.



CHRIS IKE OGBECHIE
Non-Executive Director



PROFILE OF NEW EXECUTIVE DIRECTORS



OBABORI, PETER OLUSOLA

Group Deputy Managing Director/
Chief Executive Officer

Sola Obabori is the Group Deputy Managing Director/Chief Executive Officer.

An astute management professional with long and outstanding Sales and Marketing career with an accounting and finance background, he traversed different spheres in the industry, making landmark contributions in the areas of Customer Service and Business Development, Logistics, Warehousing and Freight.

He was previously the General Manager/Chief Operating Officer of Red Star Logistics Limited, a wholly-owned subsidiary of Red Star Express Plc.

He joined the services of the organization in 1999. At various times, he served as the group's Assistant General Manager in charge of Strategy and Business Development for over five years and later as Deputy General Manager Sales with responsibility for the national sales management.

Sola has a Bachelor of Science (B.Sc. Hons) degree in Accounting, a Master of Business Administration (MBA) and a Master of Philosophy (M.Phil) in Business Administration from Obafemi Awolowo University, Ile-Ife, Nigeria. He is an alumnus of several advanced management and leadership programmes from world class institutions including -The School of Business Leadership of the University of South Africa, McGill Executive Institute, Canada; Lagos Business School, Nigeria; Harvard Business School, USA; Haas Business School of the University of California, Berkeley, USA; The University of Westminster, United Kingdom and FedEx Purple Academy, Belgium where he excelled as the Purple Star Award Winner in 2006.

He recently participated in the year 2016 FedEx GSP 3 leadership training in Arkansas, USA.

He is an Associate member of the National Institute of Marketing of Nigeria (Chartered) and a Fellow of the Institute of Business Development.

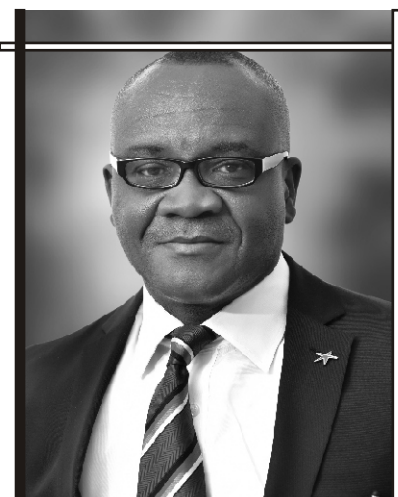
Victor Ukwat is the Executive Director, Sales and Marketing.

A resourceful professional with strong expertise in revenue expansion and cost reduction through building of a competitive corporate brand, he is passionate about excellent service delivery, building and motivating dynamic teams and creating revenue opportunities.

Victor joined Red Star Express in 1997 and has over the years worked in various capacities. He has previously led teams in Business Development, Key Accounts, National Sales, Operations, Marketing and Corporate Communication.

Victor Ukwat holds a Bachelor's degree in Science (B.Sc) from the University of Calabar, M.Sc. from the University of Ibadan and an MBA in Business Administration from the Lagos Business School.

He is an alumnus of Senior Entrepreneurship, Management and Leadership Programmes from some Global best institutions, including FedEx Purple Academy Brussel, IESE Business School (Spain), Harvard Business School (USA), Columbia Business School New York, University of Wisconsin (USA) and most recently, Schulich Business School, Toronto Canada.



UKWAT, ENOBONG VICTOR

Executive Director, Sales and Marketing.

Auwalu Badamasi Babura is the Executive Director, Finance and Administration.

He was formerly the Head of Internal Audit and Quality Assurance. He is a highly motivated and result oriented financial expert with over 20 years of invaluable experience in numerous financial and accounting fields, including: financial analysis and forecast, budget preparations and implementations and monitoring key controls of processes.

He holds a first Degree in Accounting (B.Sc) from Bayero University Kano and an MBA in Business Administration (MBA) from the Lagos State University.

He joined Red Star Express in 1994, and has served in various capacities including as Head of Internal Control and Processes, Head of Treasury and Accounts, Group Accountant, Group Treasurer, Credit Controller among others.

He has attended various training programs cutting across Controls, Planning, and Risks & Leadership amongst others both locally and abroad.

He is an Alumnus of the Lagos Business School, Senior Management Program and also an Associate of the Institute of Chartered Accountants of Nigeria.



BABAURA, BADAMASI AUWALU

Executive Director,
Finance and Administration



RESULT AT A GLANCE

| | 2016 | 2015 | Increase / (Decrease) |
|--------------------|-----------|-----------|-----------------------|
| | N'000 | N'000 | % |
| Turnover | 6,632,996 | 6,658,468 | (0) |
| Profit before Tax | 572,107 | 611,062 | (6) |
| Profit after Tax | 334,427 | 383,637 | (13) |
| Proposed Dividend | 206,324 | 206,324 | - |
| Share Capital | 294,748 | 294,748 | - |
| Shareholders' Fund | 2,212,043 | 2,060,911 | 7 |

PER SHARE DATA

| | | | |
|-------------------------------------|-------------|-------------|------|
| Number of 50kobo ordinary Shares | 589,496,760 | 589,496,760 | - |
| Earnings per share (Naira) | 0.57 | 0.65 | (12) |
| Proposed Dividend per share (Naira) | 0.35 | 0.35 | - |
| Dividend Cover (Times) | 1.62 | 1.86 | (13) |
| Net Assets per share (Naira) | 3.75 | 3.50 | 7 |

| | | | |
|---------------------|-------|-------|-----|
| Number of Employees | 1,801 | 1,869 | (4) |
|---------------------|-------|-------|-----|



CHAIRMAN'S STATEMENT

Distinguished Shareholders, Fellow Board Members, representatives of Regulatory Bodies present, esteemed ladies and gentlemen.

It is my honor and privilege to welcome you to the 23rd Annual General Meeting of our Company, Red Star Express Plc., and to present the Reports and Financial Statements of the year ended March 31, 2016 and a review of the Company's performance during the financial year.

OPERATING ENVIRONMENT:

The economy only recorded a GDP growth of about 2.8% in 2015, compared to the 6.2% recorded in 2014. The evolving global oil dynamics, which we saw in the decline in oil prices, continues to present growth risks to oil-dependent economies like Nigeria.

With this decline in oil prices, the foreign exchange supply gap increased as demand for dollars outdid supply, thus putting immense pressure on the Naira and causing volatility and uncertainty in the foreign exchange market.

The severe fuel shortage and increase in fuel prices experienced in the financial year led to disruption of business activities, regular flight cancellations, upsurge in the price of food commodities, transportation and general cost of living.

However, efforts are made by the government in confronting and resolving security challenges in the North East and Niger Delta.

I am however happy to inform you that, despite the challenges posed by the environment during the financial year under review, our staff and management worked assiduously to ensure that your company posted a satisfactory result.

FINANCIAL PERFORMANCE REVIEW:

In spite of the challenges earlier outlined, our company posted a turnover of N6.6 billion in the year under review which is almost at par with last year's performance. The profit before tax reduced from N611 million to N572 million, while profit after tax also reduced from N383.6million to N334.4 million.

DIVIDEND:

Our company has maintained its commitment in the creation of wealth for shareholders in appreciation of their support at all times. To this end, the Board of Directors is recommending a gross cash dividend of 35kobo for every 50kobo share translating to N206.3million.

The dividend will be paid subject to the deduction of appropriate withholding tax upon approval at this meeting.

CORPORATE SOCIAL RESPONSIBILITY:

It is the policy of Red Star Express to ensure that all its activities contribute to the social and economic welfare of its stakeholders through our Red Star Foundation.

We constantly seek to conduct our business based on ethical & moral principles, respecting our employees and seeking to understand and support the interests of the communities whose resources we share.

We demonstrated our commitment during the financial year to this policy by awarding 20 additional scholarship to secondary school students from the Eastern, Western and Northern part of Nigeria



CHAIRMAN'S STATEMENT

continued

CHANGE IN MANAGEMENT STRUCTURE

During the year under review, the Board and Management took a critical look at its business, with a view to optimizing emerging opportunities in the domestic and international business environment.

The contract of the former Executive Director, Mr. Olumuyiwa Olumekun expired on August 31, 2015 and he has since moved on to other endeavours. We thank him for his contributions to the growth and success of the company, spanning over 2 decades and wish him the very best.

In the same vein, the contract of the Managing Director/CEO, Mr. Sule Umar Bichi expired on August 31, 2015, however, the board granted him one year extension to facilitate smooth transition to new leadership for the company. This extension expires on August 31, 2016. Please join me in thanking Mr. Bichi for his meritorious contributions to the company and wishing him the very best in future pursuits.

Further to the above, the Board has appointed three (3) Executive Directors with effect from April 1, 2016. They are; Mr. Sola Obabori who assumed office as Deputy Managing Director and is to fully take over as Managing Director/CEO by September 1, 2016. Mr. Victor Ukwat Executive Director Sales & Marketing, and Mr. Auwalu Babura, Executive Director Finance and Admin.

The board also appointed four (4) Divisional Managing Directors to effectively manage the major subsidiaries of the company. They are; Mr Charles Ejekam - Red Star Express, Mr. Ocholi Etu - Red Star Logistics, Mr. Enoma Ojo - Red Star Support Services and Mr. Tonye Preghafi - Red Star Freight. Their appointments also took effect from April 1, 2016.

We wish the New Management the best and assure them of our support and prayers, whilst urging them to better performance in the years ahead.

FUTURE OUTLOOK:

We are optimistic that global output will be stronger in the current financial year. The Nigerian economy continues to show growth expectations in the non-oil sectors like Retail & Trade, Agriculture etc. as they have become the key drivers for 2016.

At Red Star Express Plc. we remain committed to ensuring sustained and steady growth in our company operations and returns on investments. Regardless of the volatile economy, we will continually invest in our resilient employees, optimize our processes, refine our strategies, engage in cost efficiency, focus on new initiatives and increase our market share across the emerging economic sectors.

We believe our commitment will give us the thrust we need to achieve maximum benefits for our esteemed shareholders.



Dr. Mohammed H. Koguna
Durbin Kano



REPORT OF THE DIRECTORS

For the Year ended 31 March 2016

The directors have the pleasure in presenting their annual report on the affairs of Red Star Express Plc (the Company) and its subsidiaries (the Group) together with the consolidated audited financial statements for the year ended 31 March 2016.

LEGAL STATUS

Red Star Express Plc was incorporated in Nigeria under the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria, 2004 as a private limited liability company on 10 July 1992 and it commenced business on 12 October 1992.

The company became a public company on 9 July 2007 and subsequently listed its shares on the Nigerian Stock Exchange (NSE) on 14 November 2007.

The company has three(3) subsidiaries; Red Star Freight Limited, Red Star Logistics Limited and Red Star Support Services Limited. The results of the Company's subsidiaries have been consolidated in these financial statements.

PRINCIPAL ACTIVITIES

The company is principally engaged in the provision of courier services, mail room management services, freight services, logistics, ware-housing and general haulage. There was no change in the principal activities of the company.

Results for the year

| | The Group | | The Company | |
|-------------------------------|------------------|------------------|------------------|------------------|
| | 2016 =N= '000 | 2015 =N= '000 | 2016 =N= '000 | 2015 =N= '000 |
| Revenue | 6,632,996 | 6,658,468 | 3,815,253 | 3,884,506 |
| Profit before taxation | 572,107 | 611,062 | 423,195 | 423,396 |
| Taxation | (237,680) | (227,425) | (159,415) | (122,518) |
| Profit after taxation | 334,427 | 383,637 | 263,780 | 300,878 |

DIVIDEND

The directors are pleased to recommend to the shareholders the payment of a of N206million that is 35 kobo gross per share which is subject to approval by shareholders at the Annual General Meeting. Payment of dividend is subject to withholding tax at (2015: N206million).

DIRECTORS

The Directors who served during the year to the date of this report are:

- | | | | |
|----|----------------------------|---|-----------------------------------|
| 1. | Dr. Mohammed Hassan Koguna | - | Chairman |
| 2. | Sule Umar Bichi | - | Managing Director/Chief Executive |
| 3. | Olumuyiwa Olumekun | - | Executive Director |
| 4. | Isaac Orolugbagbe | - | Non-Executive Director |
| 5. | Aminu Dangana | - | Non-Executive Director |
| 6. | Sulaiman Lawan Koguna | - | Non-Executive |
| 7. | Chris Ogbechie | - | Non-Executive Director |

Mr. Olumekun's contract as Executive Director expired on 31st August, 2015



REPORT OF THE DIRECTORS

continued

In accordance with the Company's Articles of Association, Dr. Mohammed Koguna and Mr. Chris Ogbechie are due for retirement by rotation and being eligible offer themselves for re-election.

RECORDS OF DIRECTORS' ATTENDANCE AT BOARD MEETINGS

In accordance with the provisions of Section 258(2) of the Companies and Allied Matters Act, (CAP C20) Laws of the Federation of Nigeria, 2004, the record of the Directors' attendance at Directors' meeting during the year under review are hereby disclosed.

The directors have a formal schedule of meetings and met seven times in the year under review. The table below shows the number of meetings (board and committee) attended by each director:

| Directors | Board | Strategy & Business Development | Governance, Nomination & Remuneration | Adhoc |
|-----------------------|--|---------------------------------|---------------------------------------|--|
| Frequency of meetings | 7 April 28 2015, May 5 2015, June 25 2015, July 27, 2015 October 21 2015, February 18, 2016, March 03 2016. | 1 February 12, 2016 | 1 April 28, 2015 | 2 April 14, 2015 February 17, 2016 |
| Dr. M.H. Koguna | 6 | N/A | 1 | 1 |
| Sule Umar Bichi | 7 | 1 | N/A | 1 |
| Olumuyiwa Olumekun | 4 | - | - | - |
| Isaac Orolugbagbe | 7 | 1 | N/A | 2 |
| Aminu Dangana | 7 | N/A | 1 | 2 |
| Sulaiman Koguna | 7 | NA | NA | 1 |
| Chris Ogbechie | 5 | 1 | 1 | 1 |

Audit Committee

| | |
|--------------------|---|
| Number of meetings | 3 |
| June 22, 2015 | |
| January 25, 2016 | |
| March 30, 2016. | |

| | |
|-----------------------|---|
| Mr. Isaac Orolugbagbe | 3 |
| Hon. Tajudeen Jimoh | 3 |
| Chief Cyril Ugwumadu | 3 |
| Mr. Sulaiman Koguna | 3 |

DIRECTORS' SHAREHOLDING

The direct and indirect interests of Directors in the issued share capital of the Company as recorded in the Register of Directors' shareholdings and/or as notified by them for the purposes of sections 275 and 276 of the Companies and Allied Matters Act CAP 20 Laws of the Federation of Nigeria 2004 and the listing requirements of the Nigerian Stock Exchange are as follows;



REPORT OF THE DIRECTORS

continued

| S/NO | NAME | NUMBER OF SHARES HELD AS AT 31 MARCH 2016 | NUMBER OF SHARES HELD AS AT 31 MARCH 2015 |
|------|---------------------------|---|--|
| 1. | Alhaji Mohammed H. Koguna | 109,219,912-direct 86,756,059- indirect Representing Koguna Babura Insurance Brokers Limited | 109,219,912-direct 86,756,059-indirect Representing Koguna Babura Insurance Brokers Limited |
| 2. | Sule Umar Bichi | 5,416,680 | 5,416,680 |
| 3. | Olumuyiwa Olumekun | 1,600,990 | 1,600,990 |
| 4. | Isaac Orolugbagbe | 12,552,959 | 12,552,959 |
| 5. | Aminu Dangana | 20,000 | 20,000 |
| 6 | Sulaiman Lawan Koguna | - | - |
| 7 | Chris Ogbechie | 4,166,000 | 4,166,000 |

SHARE CAPITAL HISTORY

The company's initial authorized share capital was N7million comprising 7million ordinary shares of N1.00 each. The shares were subdivided into ordinary shares of 50 kobo each in 2006. The company's authorized share capital is currently N500million, comprising 1 billion ordinary shares of 50 Kobo each with an issued share capital of N294,748,155 representing 589,496,760 ordinary shares of 50Kobo each.

The following changes have taken place in the authorized and issued share capital of the Company since incorporation.

| Year | Authorized N'000 | | Issued & Fully paid up N'000 | | Consideration |
|------|------------------|-------------|------------------------------|-------------|---------------|
| | Increase | Cumulative | Increase | Cumulative | |
| 1992 | 7,000,000 | 7,000,000 | 3,570,186 | 3,570,186 | Cash |
| 1993 | 14,000,000 | 21,000,000 | - | 3,570,186 | - |
| 1994 | 7,000,000 | 28,000,000 | - | 3,570,186 | - |
| 1995 | 17,000,000 | 45,000,000 | - | 3,570,186 | - |
| 1996 | - | 45,000,000 | 38,358,445 | 41,928,631 | Cash |
| 1998 | - | 45,000,000 | 1,238,534 | 43,167,165 | Cash |
| 1999 | - | 45,000,000 | 298,947 | 43,466,112 | Cash |
| 2000 | - | 45,000,000 | 593,550 | 44,059,662 | Cash |
| 2001 | - | 45,000,000 | 102,501 | 44,162,163 | Cash |
| 2002 | - | 45,000,000 | 5,000 | 44,167,163 | Cash |
| 2003 | 10,000,000 | 55,000,000 | 7,282,468 | 51,449,631 | Cash |
| 2007 | 245,000,000 | 300,000,000 | 205,798,524 | 257,248,155 | Bonus issue |
| 2008 | - | - | 37,500,000 | 294,748,155 | Cash |
| 2014 | 200,000,000 | 500,000,000 | - | 294,748,155 | - |



REPORT OF THE DIRECTORS

continued

ANALYSIS OF SHAREHOLDINGS

According to the register of members as at 31 March 2016, the spread of Shareholdings in the Company was as follows:

| Share Range | | Number of Shareholders | % of Shareholders | Number of Holdings | % Shareholding |
|-------------|-----------------|------------------------|-------------------|--------------------|----------------|
| 1 | 1,000 | 849 | 20 | 440,979 | 0 |
| 1,001 | 5,000 | 1,031 | 23 | 3,371,524 | 1 |
| 5,001 | 10,000 | 668 | 16 | 5,627,807 | 1 |
| 10,001 | 50,000 | 1,214 | 28 | 31,646,232 | 5 |
| 50,001 | 100,000 | 235 | 6 | 17,801,411 | 3 |
| 100,001 | 500,000 | 192 | 5 | 41,094,898 | 7 |
| 500,001 | 1,000,000 | 26 | 1 | 20,995,565 | 4 |
| 1,000,001 | 5,000,000 | 24 | 1 | 51,403,628 | 9 |
| 5,000,001 | 10,000,000 | 5 | 0 | 36,434,994 | 6 |
| 10,000,001 | 100,000,000,000 | 9 | 0 | 380,679,722 | 65 |
| TOTAL : | | 4,253 | 100 | 589,496,760 | 100 |

g) The shareholders who have more than 5% holding are as follows:

| Names | Number of Shares | % |
|---|------------------|-------|
| Alh. Mohammed H. Koguna | 109,219,912 | 18.53 |
| Koguna Babura Insurance Brokers Limited | 77,856,059 | 13.21 |
| Stanbic Nominees Nigeria Limited | 127,645,553 | 21.65 |

UNCLAIMED DIVIDEND

Several dividend warrants remain unclaimed and are yet to be presented for payment or returned to the Company for revalidation. List of unclaimed dividends is available on the company's website. We implore shareholders who are yet to update their contact details to kindly contact the Company's Registrars or the Company Secretary. Also shareholders are encouraged to fill the e dividend mandate form attached at the back of the annual accounts for direct credit of their dividend to their designated bank accounts.

DIRECTORS INTEREST IN CONTRACTS

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, 2004, of their direct or indirect interest in contracts or proposed contracts with the company during the year under review.

SERVICE CONTRACT AGREEMENT

The company has a contract agreement with Federal Express Europe Inc. and Co. (FedEx) under the Global Service Participant Scheme of FedEx. The agreement provides for the movement of sensitive documents and parcels worldwide and supported with training and Information Technology. There is no service fees payable. All transactions are done at arm's length basis.



REPORT OF THE DIRECTORS

continued

COMPLIANCE WITH THE LAW

During the year, the Company complied substantially with existing laws including the under listed laws/corporate governance guidelines and cooperated with regulatory agencies in the course of carrying out its activities.

- The Nigerian Stock Exchange Post-listing Rules
- The Securities and Exchange Commission's Code of Corporate Governance for Public Companies 2011
- Companies and Allied Matters Act (CapC20) LFN 2004
- Financial Reporting Council of Nigeria Act, No 6, 2011
- International Corporate Governance Best Practices
- Red Star Express Plc Code of Business Conduct

DONATIONS/CHARITABLE GIFTS

The Company made donations amounting to N596,000 during the year ended 31 March 2016 (2015: N550,000)

| Beneficiaries | N |
|--|----------------|
| Rebisi Heritage Foundation | 150,000 |
| Committee Encouraging Corporate Philanthropy | 100,000 |
| Gopal Kankani - Indian Cultural Event | 100,000 |
| Loyola Jesuit College | 50,000 |
| USA Embassy -National Day Celebration | 196,000 |
| | ----- |
| TOTAL | 596,000 |
| | ===== |

TAXATION

Adequate provision has been made for all forms of taxes relevant to the activities carried out by the Company during the year.

PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property, plant and equipment is given in Note 11 to the financial statements. In the opinion of the Directors, the Market Value of the Company's properties is not less than the value shown in the financial statements.

EMPLOYMENT OF DISABLED PERSONS

It is the policy of Red Star Express Plc that there is no discrimination in the consideration of applications for employment including those of physically challenged persons. All are given equal opportunities to develop their expertise and knowledge and qualify for promotion in furtherance of their careers. In the event of members of staff becoming disabled, efforts are geared towards ensuring that their employment continues. As at 31 March 2016, no disabled person was employed by the Company.

EMPLOYEE INVOLVEMENT AND TRAINING

Red Star Express Plc is committed to providing its employees with the best opportunities for learning and development. Our training and development programmes are designed to challenge our people and empower them to be more professional in their careers and personal lives. With a combination of external and overseas training, supported by our seasoned in-house Training Faculty, job rotations and mentoring, our employees are



REPORT OF THE DIRECTORS

continued

equipped with the requisite skills to take ownership of their professional and personal development. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

HEALTH, SAFETY AND WELFARE OF EMPLOYEES

Safety of our employees has remained an integral part of our daily activity, by the nature of our business and large number of our staff plying the roads of Nigeria throughout the year. Safety culture, balancing proactive and reactive measures and compliance to legislation both on the road and at the work place assist with ensuring occupational risks are reduced to the minimum. We ensure our trucks, vans and motorcycles are well maintained and no compromises are permitted on use of protective gear. The company continues to provide free medical package schemes for staff and their immediate families under the Health Management Organizations (HMOs). The company also maintains a safe and healthy workplace with fire prevention and fire-fighting equipment installed at strategic locations in the company's offices. Furthermore, the company maintains Group Personal Accident and NSITF insurance, contributory pension scheme, all for the benefit and comfort of employees.

EVENTS AFTER THE REPORTING DATE

There have been no material events after reporting date, which could have had a material effect on the financial statements of the Company as at 31 March 2016 and the profit for the year ended on that date which have not been adequately provided for or recognized.

AUDITORS

The auditors, Messrs. Ernst & Young, have indicated their willingness to continue in office in accordance with section 357(2) of the Companies and Allied Matters Act, Laws of the Federation 2004. A resolution approving this will be passed at the Annual General Meeting.

BY ORDER OF THE BOARD



FRANCES NDIDI AKPOMUKA

COMPANY SECRETARY

FRC/2013/ICSAN/00000002640

Lagos, Nigeria

Date: 28, June 2016



CORPORATE GOVERNANCE

GOVERNANCE STRUCTURE

Red Star Express Plc. Board is committed to sound Corporate Governance. In line with Code of Best Practices in Corporate Governance, the board carried out oversight functions through its committees.

THE BOARD

The Board is composed of seven (7) Directors, five (5) Non-Executive Directors including the Chairman and two (2) Executive Directors. However, following the expiration of Mr Muyiwa Olumekun's contract in August 2015, the number of Executive Directors was reduced by one (1). The position of the Chairman and Chief Executive are held by two different persons. The Board met 7 times during the year.

BOARD COMMITTEES

Strategy and Business Development Committee This committee is charged with the responsibility basically to review and advice on long term strategy and major business initiatives of the Company. The committee is comprised of two (2) Executive Directors and five (5) Non-Executive Directors.

Governance, Nomination and Remuneration Committee

This committee is comprised solely of Non-Executive Directors and chaired by the Chairman of the Board. The Committee's terms of reference are in line with SEC Code of Corporate Governance 2011.

Risk Management Committee

The Committee, in line with its Terms of Reference is charged with the review of risks and recommendation of management plans to hedge against risks. The Executive Directors and two Non- Executive Directors are members of this committee

Audit Committee

The responsibilities of the Audit committee are governed by Section 359 (6) of the Companies and Allied Matters Act, CAP 20 LFN 2004. The committee is comprised of two (2) Non-Executive Directors and two (2) shareholders representatives.

RELATIONSHIP WITH SHAREHOLDERS

The Company maintains a cordial relationship with shareholders and all shareholders are treated equally regardless of number of shares or social status. Financial and other mandatory information are promptly communicated to shareholders through appropriate media.

SHAREHOLDERS COMPLAINTS POLICY

In line with recent directive by Securities and Exchange Commission, the Company has put in place, a Shareholders Complaints Management Policy, aimed at standardizing the procedure for shareholders to bring to the attention of the company complaints regarding their shareholding and how these may be addressed. The Policy is available on the Company's website www.redstarplc.com The company secretary provides a point of reference and support for all directors, Management and shareholders. The company secretary also consults with the directors to ensure that they receive required information promptly.

Insider Trading and Price Sensitive Information

Directors, insiders and their related persons in possession of confidential price sensitive information ("insider information") are prohibited from dealing with the securities of the company where such would amount to insider trading. Directors, insiders and related parties are prohibited from disposing, selling, buying or transferring their shares in the company for a period commencing from the date of receipt of such insider information until such a period when the information is released to the public or any other period as defined by the company from time to time.



STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the Year ended 31 March 2016

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its income statements. The responsibilities include ensuring that the Company:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004;
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and Financial Reporting Council of Nigeria Act, No 6, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control. Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE DIRECTORS BY



For: **DR. MOHAMMED HASSAN KOGUNA**
CHAIRMAN
FRC/2013/CIIN/00000003090



SULE UMARBICHI
MANAGING DIRECTOR/CEO
FRC/2013/ICAN/00000003079

June 28 2016



REPORT OF THE AUDIT COMMITTEE

TO THE SHAREHOLDERS OF RED STAR EXPRESS PLC

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004, we have reviewed the audited financial statements of the Company for the year ended 31 March 2016 and report as follows:

- (a) The accounting and reporting policies of the Company are consistent with legal requirements and agreed ethical practices.
- (b) The scope and planning of the external audit was adequate.
- (c) The Company maintained effective systems of accounting and internal controls during the year.
- (d) The Company's Management has adequately responded to matters covered in the Management report issued by the external auditors.



ISAAC OROLUGBAGBE

FRC/2013/ICAN/00000003809

Chairman Audit Committee

23rd June 2016

Members of the Audit Committee

| | |
|------------------------|-------------------------|
| Hon. Tajudeen Jimoh | Independent shareholder |
| Chief Cyrill. Ugwumadu | Independent shareholder |
| Sulaiman Lawan Koguna | Non-Executive Director |
| Mr. Isaac Orolugbagbe | Non-Executive Director |

Secretary

Frances N. Akpomuka



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RED STAR EXPRESS PLC

We have audited the accompanying consolidated and separate financial statements of Red Star Express Plc, which comprise the consolidated and separate statement of financial position as at 31 March 2016, the consolidated and separate statement of comprehensive income, consolidated and separate statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility


Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors' consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of Red Star Express Plc as at 31 March 2016, and of its financial performance and its cashflows for the year then ended in accordance with the International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council Act, No 6, 2011. 16

Report on Other Legal and Regulatory Requirements In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion, proper books of account have been kept by the Group, so far as appears from our examination of those books; and
- iii) The Group's statement of financial position and statement of comprehensive income are in agreement with the books of account.


Yusuf Aliu, FCA,
FRC/2012/ICAN/00000000138
For: Ernst & Young Chartered Accountants
Lagos, Nigeria

30th June, 2016.



CONSOLIDATED & SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31 March 2016

| | Note | The Group | | The Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2016 N '000 | 2015 N '000 | 2016 N '000 | 2015 N '000 |
| Revenue | 4 | 6,632,996 | 6,658,468 | 3,815,253 | 3,884,506 |
| Cost of Sales | | (4,674,470) | (4,720,300) | (2,524,020) | (2,650,783) |
| GROSS PROFIT | | 1,958,526 | 1,938,168 | 1,291,233 | 1,233,723 |
| Other operating income | 5 | 16,204 | 41,207 | 87,831 | 83,478 |
| Administrative expenses | 6 | (1,399,250) | (1,364,181) | (962,679) | (906,714) |
| Total operating profit | | 575,480 | 615,194 | 416,385 | 410,487 |
| Finance income | 7 | 7,415 | 13,205 | 6,810 | 12,909 |
| Finance cost | | (10,788) | (17,337) | - | - |
| PROFIT BEFORE TAXATION | 8 | 572,107 | 611,062 | 423,195 | 423,396 |
| TAXATION | 9.1 | (237,680) | (227,425) | (159,415) | (122,518) |
| PROFIT AFTER TAXATION | | 334,427 | 383,637 | 263,780 | 300,878 |
| Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods. | | | | | |
| Remesurement gain (loss) on defined benefit plan | 24.2 | 32,899 | (20,756) | 32,899 | (20,756) |
| Tax effect | 15.1 | (9,870) | 6,227 | (9,870) | 6,227 |
| Other comprehensive income/ loss for the year, net of tax | | 23,029 | (14,529) | 23,029 | (14,529) |
| Total comprehensive income/ loss for the year, net of tax | | 357,456 | 369,108 | 286,810 | 286,349 |
| Profit attributable to ordinary equity holders | | 334,427 | 383,637 | 263,780 | 300,878 |
| Total comprehensive income/loss for the year attributable to ordinary equity holders | | 357,456 | 369,108 | 286,810 | 286,349 |
| Earnings per share (kobo) | 10 | | | | |
| Basic, profit for the year attributable to ordinary equity holders | | 0.57 | 0.65 | 0.45 | 0.51 |



CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

| | | The Group | | The Company | |
|--|------|------------------|------------------|------------------|------------------|
| | Note | 2016 N'000 | 2015 N'000 | 2016 N'000 | 2015 N'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant & equipment | 11 | 882,393 | 1,021,216 | 512,269 | 567,778 |
| Intangible assets | 12 | 5,359 | 11,154 | 5,345 | 10,448 |
| Long term prepayment | 13 | 14,736 | 16,153 | 14,736 | 16,153 |
| Available for sale instrument | 14 | 568 | 601 | 568 | 601 |
| Investment in subsidiary | 14 | - | - | 284,065 | 284,065 |
| Deposit for shares | 23 | - | - | 1,500 | 1,500 |
| | | ----- | ----- | ----- | ----- |
| Total non-current assets | | 903,056 | 1,049,124 | 818,483 | 880,545 |
| | | ----- | ----- | ----- | ----- |
| Current assets | | | | | |
| Inventories | 16 | 61,179 | 52,218 | 53,541 | 50,413 |
| Trade receivables | 17 | 1,632,215 | 1,552,574 | 1,030,136 | 1,112,270 |
| Current prepayments | 13 | 73,799 | 57,843 | 53,356 | 37,609 |
| Other receivables | 18 | 450,808 | 430,985 | 330,167 | 329,545 |
| Due from related companies | 26 | - | - | 178,471 | 20,144 |
| Cash and cash equivalents | 19 | 635,134 | 675,398 | 485,068 | 584,366 |
| | | ----- | ----- | ----- | ----- |
| Total current assets | | 2,853,135 | 2,769,018 | 2,130,739 | 2,134,347 |
| | | ----- | ----- | ----- | ----- |
| TOTAL ASSETS | | 3,756,191 | 3,818,142 | 2,949,222 | 3,014,892 |
| | | ===== | ===== | ===== | ===== |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | 20 | 294,748 | 294,748 | 294,748 | 294,748 |
| Share premium | 21 | 296,433 | 296,433 | 296,433 | 296,433 |
| Retained earnings | | 1,620,862 | 1,469,730 | 1,091,932 | 1,011,446 |
| | | ----- | ----- | ----- | ----- |
| Total equity | | 2,212,043 | 2,060,911 | 1,683,113 | 1,602,627 |
| | | ----- | ----- | ----- | ----- |
| Liabilities | | | | | |
| Non-current liabilities | | | | | |
| Deferred taxation | 15 | 109,174 | 132,139 | 31,009 | 33,873 |
| Term loan: Falling due above 12 months | 22 | - | 30,322 | - | - |
| Employee benefit liabilities | 24.1 | 24,781 | 26,075 | 24,781 | 26,075 |
| | | ----- | ----- | ----- | ----- |
| Total non-current liabilities | | 133,955 | 188,536 | 55,790 | 59,948 |
| | | ----- | ----- | ----- | ----- |



CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

continued


| | | The Group | | The Company | |
|--|------|------------------|------------------|------------------|------------------|
| | Note | 2016 | 2015 | 2016 | 2015 |
| | | N'000 | N'000 | N'000 | N'000 |
| Trade payables | | 118,358 | 238,095 | 118,357 | 238,095 |
| Other payables and accruals | 25 | 1,004,629 | 1,055,187 | 732,339 | 823,408 |
| Due to related companies | 26 | - | - | 201,075 | 156,703 |
| Term loan: Falling due within 12months | 22 | 30,322 | 33,436 | - | - |
| Taxation | 9.2 | 256,886 | 241,977 | 158,548 | 134,111 |
| Total current liabilities | | 1,410,194 | 1,568,695 | 1,210,319 | 1,352,317 |
| Total liabilities | | 1,544,148 | 1,757,231 | 1,266,109 | 1,412,265 |
| TOTAL EQUITY AND LIABILITIES | | 3,756,191 | 3,818,142 | 2,949,222 | 3,014,892 |
| | | ===== | ===== | ===== | ===== |



For: **Dr. Mohammed Hassan Koguna**
Chairman
28 June 2016
FRC/2013/CIIN/00000003090



Sule Umar Bichi
Managing Director
June 28 2016
FRC/2013/ICAN/00000003079



Babura Auwalu Badamasi
Finance Director
28 June 2016
FRC/2016/ICAN/00000014402



CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 March 2016

The Group

| | Issued Capital N'000 | Share Premium N'000 | Retained Earnings N'000 | Total N'000 |
|--|----------------------------|---------------------------|-------------------------------|------------------|
| As at 1 April 2015 | 294,748 | 296,433 | 1,469,730 | 2,060,911 |
| Profit for the year | | | 334,427 | 334,427 |
| Other comprehensive income: - | | | | |
| Actuarial loss on defined benefit plan | | | 23,029 | 23,029 |
| Dividend (Note 28) | | | (206,324) | (206,324) |
| As at 31 March 2016 | 294,748 | 296,433 | 1,620,862 | 2,212,043 |
| | ===== | ===== | ===== | ===== |

Consolidated statement of changes in equity
for the year ended 31 March 2015

| | Issued Capital N'000 | Share Premium N'000 | Retained Earnings N'000 | Total N'000 |
|--|----------------------------|---------------------------|-------------------------------|------------------|
| As at 1 April 2014 | 294,748 | 296,433 | 1,311,538 | 1,902,719 |
| Profit for the year | - | - | 383,637 | 383,637 |
| Other comprehensive income: - | | | | |
| Actuarial loss on defined benefit plan | | | (14,529) | (14,529) |
| Dividend (Note 28) | - | - | (206,324) | (206,324) |
| Tax Back Duty Audit Assessment | | | (2,574) | (2,574) |
| Appropriation | | | | |
| - Red Star Foundation Trust Fund | | | (2,018) | (2,018) |
| As at 31 March 2015 | 294,748 | 296,433 | 1,469,730 | 2,060,911 |
| | ===== | ===== | ===== | ===== |



CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

Continued

The Company

| | Issued Capital N'000 | Share Premium N'000 | Retained Earnings N'000 | Total N'000 |
|--|----------------------------|---------------------------|-------------------------------|------------------|
| As at 1 April 2015 | 294,748 | 296,433 | 1,011,446 | 1,602,627 |
| Profit for the year | | | 263,780 | 263,780 |
| Other comprehensive income: | | | | |
| Actuarial loss on defined benefit plan | | | 23,029 | 23,029 |
| Dividend (Note 28) | | | (206,324) | (206,324) |
| As at 31 March 2016 | 294,748 | 296,433 | 1,091,932 | 1,683,113 |
| | ===== | ===== | ===== | ===== |

Consolidated statement of changes in equity for the year ended 31 March 2015

| | Issued Capital N'000 | Share Premium N'000 | Retained Earnings N'000 | Total N'000 |
|--|----------------------------|---------------------------|-------------------------------|------------------|
| As at 1 April 2014 | 294,748 | 296,433 | 933,439 | 1,524,620 |
| Profit for the year | - | - | 300,878 | 300,878 |
| Other comprehensive income: | | | | |
| Actuarial loss on defined benefit plan | - | - | (14,529) | (14,529) |
| Dividend (Note 28) | - | - | (206,324) | (206,324) |
| Appropriation | | | | |
| - Red Star Foundation Trust Fund | - | - | (2,018) | (2,018) |
| As at 31 March 2015 | 294,748 | 296,433 | 1,011,446 | 1,602,627 |
| | ===== | ===== | ===== | ===== |



CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

For the Year ended 31 March 2016

| | | The Group | | The Company | |
|--|------|----------------|----------------|----------------|----------------|
| | Note | 2016 N'000 | 2015 N'000 | 2016 N'000 | 2015 N'000 |
| CASHFLOW FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers | | 6,767,168 | 6,040,704 | 4,525,815 | 3,533,863 |
| Cash paid to suppliers and employees | | (6,264,769) | (5,423,765) | (4,309,847) | (3,166,840) |
| Input/(output) VAT | | (151,962) | (115,570) | (131,212) | (94,640) |
| Tax paid | 9.2 | (53,886) | (31,252) | (15,281) | (13,205) |
| | | ----- | ----- | ----- | ----- |
| Net cash provided by operating activities | 27 | 296,551 | 470,117 | 69,508 | 259,178 |
| | | ----- | ----- | ----- | ----- |
| CASHFLOW FROM INVESTING ACTIVITIES | | | | | |
| Purchase of property plant and equipment | 11 | (123,328) | (219,163) | (73,616) | (151,232) |
| Purchase of intangible assets | 12 | (1,337) | (9,829) | (1,337) | (9,303) |
| Proceeds from sale of property plant and equipment | | 18,439 | 17,228 | 5,913 | 4,481 |
| Interest received | 7 | 7,415 | 13,205 | 6,810 | 12,909 |
| Dividend received | | | - | 87,204 | 78,732 |
| | | ----- | ----- | ----- | ----- |
| Net cash outflow from investing activities | | (98,811) | (198,559) | 24,974 | (63,821) |
| | | ----- | ----- | ----- | ----- |
| CASHFLOW FROM FINANCING ACTIVITIES | | | | | |
| Dividend paid | 28 | (193,780) | (161,253) | (193,780) | (161,253) |
| Interest paid | | (10,788) | (17,337) | - | - |
| Loan paid | | (33,436) | (26,886) | - | - |
| | | ----- | ----- | ----- | ----- |
| Net cash outflow from financing activities | | (238,004) | (205,476) | (193,780) | (161,253) |
| | | ----- | ----- | ----- | ----- |
| Net increase/ (decrease) in cash and cash equivalents | | (40,264) | 66,082 | (99,298) | 34,104 |
| Cash and cash equivalents at the beginning of the year | | 675,398 | 609,316 | 584,366 | 550,262 |
| | | ----- | ----- | ----- | ----- |
| Cash and cash equivalents at the end of the year | | 635,134 | 675,398 | 485,068 | 584,366 |
| | | ===== | ===== | ===== | ===== |



NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2016

I Corporate information

Red Star Express Plc (The Company) was incorporated as a Private Limited Liability Company on 10 July 1992 and commenced business on 12 October 1992. Its shares were admitted to the official list of the Nigerian Stock Exchange on 14 November 2007.

14 of the issued share capital of the Company is held by Koguna Babura Insurance Brokers Limited and by Nigerians. The registered office is located at 70 International Airport Road, Lagos in Nigeria. The company has three (3) subsidiaries; Red Star Freight Limited, Red Star Logistics Limited and Red Star Support Services Limited. The results of the Company's subsidiaries have been consolidated in these financial statements. The Group is principally engaged in the provision of courier services, mail management services, freight services, logistics, warehousing and general haulage.

2.1 Basis of preparation and adoption of IFRS

The financial statements of Red Star Express Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB), the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and Financial Reporting Council of Nigeria Act, No 6, 2011. These financial statements include the application of IAS 27 to the company's investment in its subsidiaries. Separate financial statements, as envisaged by IAS 27, are therefore presented as required under IFRS. These financial statements are presented in Nigerian Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand.

2.2 Functional currency, presentation currency and the level of rounding

The financial statements are presented in Naira (N) rounded to the nearest thousand (N'000), unless otherwise indicated. The Naira is also the functional currency of the company.

2.3 Significant accounting judgments, estimates and assumptions

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the 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.

2.3 Significant accounting judgments, estimates and assumptions-continued

Material estimates in the financial statements include the following:

2.3.1 Accounts receivable

The allowance for doubtful accounts involves management judgment and review of individual receivable balances based on an individual customer's prior payment record, current economic trends and analysis of historical bad debts of a similar type.



NOTES TO THE FINANCIAL STATEMENTS

continued

2.3.2 Property, plant and equipment

The Group carries its property, plant and equipment at cost in the statement of financial position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to The Group's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The Group reviewed and estimated the useful lives and residual values of its property, plant and equipment, and account for such changes prospectively.

2.3.3 Intangible assets

The group's intangible assets include purchased computer software and software licences with finite useful lives. Estimates and assumptions made to determine their carrying value and related amortisation are critical to The Group's financial position and performance. The charge in respect of periodic impairment is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar intangible assets as well as anticipation of future events, which may impact their life, such as changes in technology. 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.

2.3.4 Going concern assumption

Red Star Express Plc is a going concern, which assumes that it will be able to continue operation into the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared in Nigerian Naira and under the historical cost convention and the use of estimates and approximations.

2.3.5 Defined Benefit Plan

The cost of the defined benefit pension plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers only the Nigerian Government bonds market yield as at the reporting date.

3. Summary of significant accounting policies

The following are the significant accounting policies applied by Red Star Express Plc in preparing its financial statements:

3.1 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization



NOTES TO THE FINANCIAL STATEMENTS

continued

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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on tangible assets with finite lives is recognized in the income statement as the expense category that is consistent with the function of the intangible assets. 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 income statement when the asset is derecognized. Intangible assets include computer software and software licenses. Purchased software and software licenses with finite useful lives are recognised as assets if there is sufficient certainty that future economic benefits associated with the item will flow to the entity. Amortisation is calculated using the straight-line method over 3 years. The amortisation method and the useful life are reviewed annually. Computer software primarily comprises external costs and other directly attributable costs.

3.2 Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost but subsequently recognized at cost less accumulated depreciation and accumulated impairment loss. Cost comprises the cost of acquisition and costs directly related to the acquisition up until the time when the asset is available for use. In the case of assets of own construction, cost comprises direct and indirect costs attributable to the construction work, including salaries and wages, materials, components and work performed by subcontractors. Replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The depreciation base is determined as cost less any residual value. Depreciation is charged annually on a straight-line basis over the estimated useful lives of the assets and begins when the assets are available for use. The depreciation method and the useful life are reviewed annually.

| Asset category | Useful lives |
|-----------------------------------|----------------------------|
| Building | 40years |
| Improvement on building | Remaining depreciable life |
| Plants and Machinery | 3 - 10years |
| Trucks | 3 - 6years |
| Trailers | 48years |
| Motor Vehicles | 24years |
| Motorcycles | 3years |
| Furniture, Fittings and Equipment | 35years |
| Computer and other I.T Equipment | 3years |

We agree the following groups to form part of the new asset categories:

Plants & Machinery

| Category | Policy |
|-----------------|---------------|
| 1-5KVA | 3years |
| 6-50KVA | 5years |
| Above 50KVA | 8years |
| Others | 10years |



NOTES TO THE FINANCIAL STATEMENTS

continued

Building

Freehold Buildings to be depreciated for a period of 40 years)

Long leased buildings/properties (RSL warehouse) to be depreciated over the life of the lease

Motor Vehicle (MV4, Trucks and Trailers)

Trucks should be depreciated in 3-6 years i.e. 3 years for fairly used trucks and 6 years for brand new ones. Trailers to be depreciated in 4-8 years i.e. 4 years for fairly used trailers and 8 years for brand new ones. MV4 to be depreciated in 2-4 years i.e. 2 years for used MV4 (Tokunbo) and 4 years for brand new. Trucks are defined as Above 5 Tonnes - 19.99 Tonnes while Trailers are 20 Tones and above. Below 3 Tonnes will remain MV4.

4 wheels (5 Tonnes & below) - This consists of vans, buses, cars and major repairs.

2 Wheels Motor Cycles (MV2) - This consists of motorcycles

Furniture, Fittings & Equipment (FFE)

These were further broken down individually and analyzed as follows: Furniture- This consists of tables, chairs, workstations:

Office Equipment - This consists of cabinets, weighing scales, racks, air conditioner, protector, stabilizers, AVS battery, trolley, freezers, counting machines, fridge, safes, water dispensing machine, inverter, shredding machine, photocopiers, printers, fax machines, and fans.

Computer Equipment - This consists of Computers, UPS, scanners and modems. An item of property and equipment is derecognised upon disposal or when no further 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 the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

3.3 Earnings per share Basic earnings per share

Basic earnings are determined by dividing the profit attributable to share-holders by the weighted average number of shares on issue during the year.

3.4 Impairment of non-financial assets

Property, plant and equipment and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or in the case of indefinite life intangibles, then the asset's (CGU's) recoverable amount is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash-generating units (CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGUs). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, Impairment losses on non-revalued assets are recognised in the income statement as an expense, while reversals of impairment losses are also stated in the income statement.



NOTES TO THE FINANCIAL STATEMENTS

continued

3.5 Inventories

Inventories are valued at the lower of cost and net realizable value after making adequate provisions for obsolete and damaged items. Cost of inventory incurred in bringing each product to its present location and conditions are accounted for in cost of sales. Net Realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Purchase cost on a first in, first out basis.

3.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

- Financial Asset

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. Red Star Express Plc determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs, except in the case of financial assets measured at fair value through profit or loss where transaction costs are recognised as an expense when incurred. The group's financial assets include cash and cash equivalents, trade and other receivables. It also has an investment in Neimeth International Pharmaceuticals, which per note 14 are classified as available for sale.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This for Red Star Express Plc, comprise trade and other receivables which are initially measured at fair value which corresponds to the original invoice amount of the transaction.

Subsequent to initial recognition, loans and receivables are measured at a mortised cost using the effective interest rate method less provision for uncollectible debts. Gains and losses are recognised in profit and loss when the trade and other receivables are derecognised or impaired.

Available-for-sale (AFS) financial assets

AFS financial assets include equity investments and debt securities. The Group only have equity investment which is classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS 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 AFS reserve to the statement of profit or loss in administrative costs.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:



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continued

- a) The rights to receive cash flows from the asset have expired or
- b) The Company with its subsidiaries retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- c) The Group has transferred substantially all the risks and rewards of the asset; or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated and separate 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.

Impairment of financial assets

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

- Financial Assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

- AFS financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and



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continued

'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss is removed from OCI and recognised in the profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

- **Financial liabilities**

Financial liabilities are classified as financial liabilities at fair value through profit or loss, or at a mortised cost. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value, including directly attributable transaction costs, except in the case of financial liabilities classified as fair value through profit or loss where transaction costs are expensed immediately.

Red Star Express Plc's financial liabilities are trade and other payables. It also has borrowings in the form of a term loan from Fidelity bank.

Financial liabilities at amortised cost:

Financial liabilities at amortised cost are measured at amortised cost using the effective interest rate method. Financial liabilities are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

Derecognition of financial liabilities

A financial liability is derecognized 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

3.7 **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

3.8 **Taxes**

Current income tax Current income tax assets and liabilities for the current period 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 by the reporting date in Nigeria. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the profit or loss.

Deferred tax

Deferred tax is provided using the liability method in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits. No deferred tax is recognised when relating to temporary differences that arise from



NOTES TO THE FINANCIAL STATEMENTS

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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.

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 income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit 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 to the year when the asset is realized 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 items are recognised in correlation to the underlying transaction either in profit or loss, other comprehensive income or directly in equity.

Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT, except:

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

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

3.9 Borrowing costs

Specific borrowing costs on 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 capitalized from the date the actual costs on the qualifying assets are incurred. Where such borrowed amount, or part thereof, is invested, the income earned is netted off the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they occur. Where the entity does not specifically borrow funds to construct a qualifying asset, general borrowing costs are capitalized by applying the weighted average cost of the borrowing cost proportionate to the expenditure on the asset.

3.10 Revenue recognition

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. The Group assesses its revenue arrangements against specific criteria in order 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. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue from services rendered such as courier services, mail management services, freight services, logistics, warehousing and general haulage to customers is recognised as soon as the recipient of the services has signed off that such services have been rendered.



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Rental Income

Rental income arising from warehouse lease is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature.

Interest income

For all financial instruments measured at amortised cost, interest income or expense 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 the statement of comprehensive income.

Dividends

Revenue is recognised when the Group's right to receive the payment of dividend is established, which is generally when shareholders approve the dividend.

3.11 Lease

- 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. Operating lease payments are recognized as an operating expense in the statement of profit or loss.

- Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.12 Foreign currency

The Group's financial statements are presented in naira, which is also the company's functional currency. Transactions in the foreign currency are recognized in Naira at the official spot rate at the date of transaction. Monetary assets and liabilities denominated in a foreign currency are translated into Naira at the spot rate of exchange ruling at reporting date. Differences arising on settlement or translation of monetary items are recognised in income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the 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 measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.13 Segment Reporting

The reportable segments are identified on the basis of Strategic Business Units (SBU) and the threshold of recognition is a contribution of not less than 10% of the revenue, assets, profits or losses of all the operating segments. Where the board and management are of the opinion that a strategic business unit is important to the growth initiative of the Group such SBU may be reported as a reportable segment even though it is not meeting the threshold of a reportable segment.



3.14 Employees' benefits Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Group pays contributions to Pension Fund Administrators on a statutory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when the year due. The Group operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employer and the employee contributions are 10% and 8% respectively of the qualifying employee's salary.

Defined Benefit Plan

The Group also contributes to a duly registered gratuity scheme operated by Red Star Retirement Benefit Scheme; employees are eligible to join the scheme after 5 years of continuous service to the company. The benefits payable to employees on retirement or resignation are accrued over the service life of the employee concerned based on their salary and the cost charged to the income statement. The liability recognised in the statement of financial position in respect of defined gratuity scheme is the present value of the gratuity obligation at the date of the statement of financial position less the fair value of any plan asset. Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

3.15 Share capital and reserves Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Dividend on ordinary shares

Dividends on the Group's ordinary shares are recognized in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders.

3.16 Basis of Consolidation

The consolidated and separate financial statements comprise the financial statements of the Red Star Express Plc and its subsidiaries as at 31 March 2016. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends (if any) are eliminated in full. 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



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Generally, there is a presumption that a majority of voting rights results 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(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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 both assets and liabilities of the subsidiary and the related non-controlling interest. Investments in the subsidiaries are measured at cost value. The Group determines control over the subsidiaries as it holds 100% of their entire shareholdings. Investments in subsidiaries are recognised and measured at cost in the separate financial statements of the Group.

3.17 Standards issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group is currently assessing the impact that these standards will have on the financial position and performance. The Group intends to adopt these standards, if applicable, when they become effective. IFRS 9 Financial Instruments In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The impact on adoption of IFRS 9 is still being assessed by the Group.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate- regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is currently



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continued

assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

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

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is 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 effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They 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 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 must be applied prospectively.

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 must be applied prospectively.

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 done retrospectively. However, the required disclosures would not need to 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 must be applied retrospectively.

Amendments to IAS 1- IAS 1 Disclosures Initiative

Effective for annual periods beginning on or after 1 January 2016. Early application is permitted and entities do not need to disclose that fact because the Board considers these amendments to be clarification that do not affect an entity's accounting policies or accounting estimates. The amendments



NOTES TO THE FINANCIAL STATEMENTS

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to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) 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 associated and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between these 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 statement(s) of profit or loss and other comprehensive income. These amendments will impact the Group's financial statements presentation and disclosure requirements in IFRS, and do not affect recognition and measurements.

IFRS 16 - Leases

Effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The key features of the amendment are: The new standard requires lessees to account for all leases under a single on statement of financial position model (subject to certain exemptions) in a similar way to finance leases under IAS 17. Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard includes two recognition exemptions for lessees' leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).

Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.

Less or accounting is substantially the same as today's less or accounting, using IAS 17's dual classification approach. The Group is still assessing the impact of this amendment.

IAS 12 Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendment clarifies the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments clarify: The requirements relating to recovery of an asset for more than its carrying amount in a way that enhances understanding and reduces the risk of an arbitrary estimate of probable future taxable profit was revised. The standard clarifies that taxable profit excluding tax deductions used for assessing the utilization of deductible temporary differences is different from taxable profit on which income taxes are payable. The amendment is effective for annual periods beginning on or after 1 January 2017.

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

Effective for annual periods beginning on or after 1 January 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The amendments address three issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption in paragraph 4 of IFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures 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



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continued

to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 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 will not impact the Group's financial statements presentation.

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to IFRS 10 and IAS 28

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The amendments must be applied prospectively. Early application is permitted and must be disclosed. The effective date of this amendment has been deferred indefinitely by amendments made in December 2015 until such time as it has finalised any amendments that result from its research project on the equity method.

These amendments will not impact the Group's financial statements presentation.

IAS 27 Equity Method in Separate Financial Statements Amendments to IAS 27

Effective for annual periods beginning on or after 1 January 2016 and it must be applied retrospectively; early application is permitted and must be disclosed. The amendments to IAS 27 Separate Financial Statements allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either:

- At cost, in accordance with IFRS 9 (or IAS 39); or
- Using the equity method

The entity must apply the same accounting for each category of investment. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

3.18 Standards that became effective during the financial year.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. See Note 24 for the impact of the amendments on the Group's financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The amendment does not have any impact on the current Group's financial statements.



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IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. See Note 26 for the impact of the amendments on the Group's financial statements.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

See Note 31(a) for the Group segment report.

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36

Effective for annual periods beginning on or after 1 January 2014. The amendments must be applied retrospectively. The amendments to IAS 36 Impairment of Assets clarify the disclosure requirements in respect of fair value less costs of disposal. The amendments remove the requirement to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant. In addition, the IASB added two disclosure requirements:

- Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal.
- Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using the present value technique. The amendments harmonise disclosure requirements between value in use and fair value less cost of disposals.

The amendments do not have any impact on the current Group's financial statements.

IFRIC 21 Levies

IFRIC 21 is applicable to all levies other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation. Levies are defined in the interpretation as outflows of resources embodying economic benefits imposed by governments on entities in accordance with legislation. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognised before the specified minimum threshold is reached. The interpretation does not address the accounting for the debit side of the transaction that arises from recognising a liability to pay a levy. Entities look to other standards to decide whether the recognition of a liability to pay a levy would give rise to an asset or an expense under the relevant standards. The interpretation is effective for annual periods beginning on or after 1 January 2014. The interpretation must be applied retrospectively. Early application is permitted and must be disclosed. This interpretation does not have impact on the current Group's financial statements.

Amendments to IAS 32- Offsetting Financial Assets and Financial Liabilities



NOTES TO THE FINANCIAL STATEMENTS

continued

Effective for annual periods beginning on or after 1 January 2014. The amendments must be applied retrospectively.

The amendments to IAS 32 Financial Instruments: Presentation clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous. The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event.

The amendments clarify that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be, in effect, equivalent to net settlement and, therefore, meet the net settlement criterion. These amendments do not have any impact on the current Group's financial statements.

Amendments to IFRS 2 - Share-based Payment: Definitions of vesting conditions

The amendment defines 'performance condition' and 'service condition' to clarify various issues, including the following: A performance condition must contain a service condition A performance target must be met while the counterparty is rendering service A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group A performance condition may be a market or non-market condition If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment is applicable for share-based payments for which the grant date is on or after 1 July 2014 and must be applied prospectively. This amendment does not have any impact on the current Group's financial statements.

Amendments to IFRS 3 Business combination: Accounting for contingent consideration in a business combination

The amendment clarifies that all contingent consideration arrangements classified as liabilities or assets arising from a business combination must be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). The amendment must be applied prospectively. This amendment does not have any impact on the current Group's financial statements.

Amendments to IAS 40 Investment property: Inter relationship between IFRS 3 and IAS 40 (ancillary services)

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment clarifies that IFRS 3, not the description of ancillary services in IAS 40, is used to determine whether the transaction is the purchase of an asset or business combination. The amendment must be applied prospectively. This amendment does not have any impact on the current Group's financial statements.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). See Note for the impact 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



NOTES TO THE FINANCIAL STATEMENTS

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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 to 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 disclosed in the financial statements are categorized 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:

- -Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- -Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- -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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year. 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. The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

As at 31 March 2016

| | Date of valuation Total | Total (N) | Fair value measurement using | | |
|---|----------------------------|-----------|--|---|---|
| | | | Quoted prices in active market (Level 1) | Significant observable inputs (Level 2) | Significant observable inputs (Level 3) |
| Assets measured at fair value | | | | | |
| AFS Financial Assets (Note 14) | | | | | |
| Quoted equity shares | 31.03.2016 | 568 | 568 | | |
| Liabilities for which fair values are disclosed | | | | | |
| Interest-bearing loans and Borrowings | | | | | |
| Fixed rate loan | 31.03.2016 | 30,321 | 30,321 | | |



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As at 31 March 2015

| | Date of valuation Total | Total (N) | Fair value measurement using | | |
|---|----------------------------|-----------|--|---|---|
| | | | Quoted prices in active market (Level 1) | Significant observable inputs (Level 2) | Significant observable inputs (Level 3) |
| Assets measured at fair value | | | | | |
| AFS Financial Assets (Note 14) | | | | | |
| Quoted equity shares | 31.03.2015 | 601 | 601 | | |
| Liabilities for which fair values are disclosed | | | | | |
| Interest-bearing loans and borrowings | | | | | |
| Fixed rate loan | 31.03.2015 | 31,685 | 31,685 | | |

There have been no transfers between Level 1 and Level 2 during the period.

3.19 Fair value measurement

Set out below is a comparison by class of the carrying amounts and fair values of the Red Star Express Plc financial instruments that are carried in the financial statements.

| | Carrying amount | | Fair value | |
|-------------------------------------|-----------------|---------------|---------------|---------------|
| | 2016 N'000 | 2015 N'000 | 2016 N'000 | 2015 N'000 |
| Financial assets | | | | |
| Quoted equity shares | 568 | 601 | 568 | 601 |
| | ----- | ----- | ----- | ----- |
| Total | 568 | 601 | 568 | 601 |
| | ===== | ===== | ===== | ===== |
| Financial liabilities | | | | |
| Interest bearing loan and borrowing | 30,321 | 63,758 | 31,685 | 67,965 |
| | ----- | ----- | ----- | ----- |
| Total | 30,321 | 63,758 | 31,685 | 67,965 |
| | ===== | ===== | ===== | ===== |

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in an orderly transaction between market participants, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The quoted equity financial asset is calculated based on the existing market share at the reporting balance sheet date.
- The fair value of loans from banks is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.



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continued

| | | The Group | | The Company | |
|---|---------------------------------------|------------------|------------------|------------------|------------------|
| | | 2016 | 2015 | 2016 | 2015 |
| | | N'000 | N'000 | N'000 | N'000 |
| 4 | Revenue | | | | |
| | Analysis by product | | | | |
| | Courier | 3,815,253 | 3,884,506 | 3,815,253 | 3,884,506 |
| | Logistics | 1,050,878 | 1,019,722 | - | - |
| | Freight | 301,862 | 290,549 | - | - |
| | Support services | 1,465,003 | 1,463,691 | - | - |
| | | ----- | ----- | ----- | ----- |
| | | 6,632,996 | 6,658,468 | 3,815,253 | 3,884,506 |
| | | ===== | ===== | ===== | ===== |
| 5 | Other operating income | | | | |
| | Dividend from subsidiaries | - | - | 87,204 | 78,732 |
| | Exchange gain | - | 7,592 | - | - |
| | Other sundry income | 16,204 | 4,025 | 627 | 2,020 |
| | Profit on disposals of PPE | - | 721 | - | 2,726 |
| | Warehouse rent | - | 28,869 | - | - |
| | | ----- | ----- | ----- | ----- |
| | | 16,204 | 41,207 | 87,831 | 83,478 |
| | | ===== | ===== | ===== | ===== |
| 6 | Administrative expenses Annual | | | | |
| | general meeting expenses | 5,274 | 15,607 | 2,323 | 8,274 |
| | Audit fee | 13,492 | 13,100 | 10,000 | 10,000 |
| | Bad debt written off | 80,332 | - | 53,232 | - |
| | Provisions for doubtful debts | 32,592 | 71,417 | 40,414 | 32,622 |
| | Bank charges | 15,863 | 20,656 | 8,550 | 11,472 |
| | Communication and telephone | 57,678 | 72,994 | 51,090 | 52,768 |
| | Amortisation of intangible assets | 6,607 | 9,374 | 6,441 | 9,207 |
| | Depreciation | 72,298 | 65,837 | 35,713 | 50,133 |
| | Impairment loss on available for sale | 33 | 592 | 33 | 592 |
| | Hotel accommodation and entertainment | 46,879 | 43,877 | 36,400 | 39,683 |
| | Employee benefit expenses | 406,479 | 448,778 | 198,819 | 232,579 |
| | Insurance | 50,593 | 10,605 | 26,037 | 5,622 |
| | Legal and professional charges | 39,925 | 57,037 | 30,055 | 46,677 |
| | Loss on disposal of fixed asset | 3,244 | 4,174 | - | - |
| | Medical | 51,111 | 22,083 | 15,176 | 12,680 |
| | News paper and periodicals | 1,673 | 3,223 | 1,345 | 1,034 |
| | Office protection services | 39,377 | 38,257 | 26,691 | 25,968 |
| | Power and water | 98,483 | 118,292 | 97,177 | 76,794 |
| | Exchange loss | - | - | - | 1,541 |
| | Printing and stationery | 89,108 | 102,407 | 74,558 | 88,223 |
| | Publicity and promotion | 40,771 | 54,816 | 30,611 | 26,773 |
| | Repairs and maintenance | 141,535 | 112,597 | 124,776 | 109,000 |
| | Subscriptions and donations | 26,348 | 18,849 | 16,090 | 14,395 |
| | Training | 45,017 | 6,941 | 38,600 | 5,618 |
| | Transportation and travelling costs | 34,538 | 56,842 | 34,374 | 45,059 |
| | | ----- | ----- | ----- | ----- |
| | | 1,399,250 | 1,364,181 | 962,679 | 906,714 |
| | | ===== | ===== | ===== | ===== |



NOTES TO THE FINANCIAL STATEMENTS

continued

| | The Group | | The Company | |
|---|----------------|----------------|----------------|----------------|
| | 2016 N'000 | 2015 N'000 | 2016 N'000 | 2015 N'000 |
| 7 Finance income | | | | |
| Interest received from fixed deposit | 7,415 | 13,205 | 6,810 | 12,909 |
| | ===== | ===== | ===== | ===== |
| 8 Profit before taxation was obtained | | | | |
| After deducting: | | | | |
| Depreciation | 240,993 | 246,039 | 119,042 | 125,333 |
| Amortization of intangible assets | 6,607 | 9,374 | 6,441 | 9,207 |
| Impairment loss on available for sale | 33 | 592 | 33 | 592 |
| Audit fee | 13,492 | 13,100 | 10,000 | 10,000 |
| Loss/(profit) on disposal of fixed assets | 3,244 | (721) | 4,174 | (2,726) |
| Directors emoluments | 47,408 | 62,264 | 47,408 | 62,264 |
| Exchange (gain)/loss | - | (7,592) | - | 1,541 |
| Dividend received | - | - | 87,204 | 78,732 |
| Provision for staff pension | 83,181 | 76,156 | 34,733 | 32,123 |
| | ===== | ===== | ===== | ===== |
| 9 Taxation | | | | |
| 9.1 Statement of Comprehensive Income | | | | |
| Income taxation | 217,299 | 201,490 | 129,419 | 105,367 |
| Education tax | 17,296 | 19,025 | 10,626 | 10,241 |
| | ----- | ----- | ----- | ----- |
| | 234,595 | 220,515 | 140,045 | 115,608 |
| Tax back duty assessment | 35,919 | - | 32,104 | - |
| Deferred taxation | | | | |
| Relating to origination & reversal of temporary differences | (32,834) | 6,910 | (12,734) | 6,910 |
| | ----- | ----- | ----- | ----- |
| | 237,680 | 227,425 | 159,415 | 122,518 |
| | ===== | ===== | ===== | ===== |
| 9.2 Statement of Financial Position | | | | |
| At the beginning of the year | 241,977 | 195,852 | 134,111 | 126,685 |
| Current year tax provision | 234,595 | 220,515 | 140,045 | 115,608 |
| Tax Back Duty Audit Assessment* | 35,919 | 2,574 | 32,104 | - |
| Payment during the year | (53,886) | (31,252) | (15,281) | (13,205) |
| Withholding tax credit utilized | (201,720) | (145,712) | (132,431) | (94,977) |
| | ----- | ----- | ----- | ----- |
| | 256,886 | 241,977 | 158,548 | 134,111 |
| | ===== | ===== | ===== | ===== |

*In 2015, the Federal Inland Revenue Service carried out a back duty tax assessment on the Company and its subsidiaries for 2009 - 2013 financial year, and came up with additional income tax liability of N32,103,671 and N3,815,280 for the Company and one of its subsidiaries (Red Star Support Services) respectively.



NOTES TO THE FINANCIAL STATEMENTS

continued

9.3 Reconciliation of income tax expense Non-deductible expenses for tax purpose

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Profit before tax | 572,107 | 611,062 | 423,195 | 423,396 |
| | ===== | ===== | ===== | ===== |
| Nigeria's statutory income tax rate of 30% | 171,632 | 183,319 | 126,959 | 127,019 |
| Disallowable expenses | 210,433 | 197,502 | 164,734 | 146,821 |
| Non-taxable income | (193,835) | (169,342) | (172,633) | (159,397) |
| Back duty tax | 35,919 | - | 32,104 | - |
| Education tax | 17,296 | 19,025 | 10,626 | 10,241 |
| Investment allowance | (3,765) | (3,079) | (2,375) | (2,166) |
| | ----- | ----- | ----- | ----- |
| Income tax expense | 237,680 | 227,425 | 159,415 | 122,518 |
| | ===== | ===== | ===== | ===== |

10. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations. Profit attributable to ordinary equity holders

| | 2016 | 2015 | 2016 | 2015 |
|--|----------------|----------------|----------------|----------------|
| | N'000 | N'000 | N'000 | N'000 |
| | 334,427 | 383,637 | 263,780 | 300,878 |
| | ===== | ===== | ===== | ===== |
| Weighted average number of ordinary shares for basic earnings per share | 589,497 | 589,497 | 589,497 | 589,497 |
| | ===== | ===== | ===== | ===== |
| Basic, profit for the year attributable to ordinary equity holders | N0.57 | N0.65 | N0.45 | N0.51 |
| | ===== | ===== | ===== | ===== |





II. Property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS

continued

| | Land N'000 | Building N'000 | Plant & Machinery N'000 | Motor Vehicles N'000 | Motor Cycle N'000 | Computer & Other IT Equipment N'000 | Furniture & Fittings N'000 | Capital- work-in- progress N'000 | Total N'000 |
|-------------------------|----------------|-------------------|-------------------------------|----------------------------|-------------------------|--|-------------------------------------|---|------------------|
| COSTS | | | | | | | | | |
| At 1 April 2015 | 144,165 | 418,127 | 59,439 | 566,921 | 332,622 | 241,478 | 51,047 | 1,097 | 1,814,896 |
| Addition | 22,877 | 11,175 | 7,585 | 42,120 | 15,473 | 17,578 | 6,520 | 123,328 | |
| Reclassifications | - | 1,097 | *525 | (1,097) | *525 | | | | |
| Disposals | - | (4,910) | (57,457) | (6,325) | - | (58) | (68,750) | | |
| At 31 March 2016 | 167,043 | 429,302 | 62,114 | 551,584 | 342,867 | 259,056 | 58,034 | - | 1,869,999 |
| DEPRECIATION | | | | | | | | | |
| At 1 April 2015 | - | 36,365 | 24,638 | 279,600 | 271,965 | 144,858 | 36,254 | - | 793,680 |
| Charge for the year | 10,626 | 10,207 | 82,572 | 78,456 | 51,020 | 8,112 | - | 240,993 | |
| Disposal | - | (3,139) | (23,025) | (20,845) | - | (58) | - | (47,067) | |
| At 31 March 2016 | - | 46,991 | 31,706 | 339,147 | 329,576 | 195,878 | 44,308 | - | 987,606 |
| Net Book Value | | | | | | | | | |
| At 31 March 2016 | 167,043 | 382,311 | 30,408 | 212,436 | 13,291 | 63,178 | 13,726 | - | 882,393 |
| At 31 March 2015 | 144,165 | 381,762 | 34,801 | 287,321 | 60,657 | 96,620 | 14,793 | 1,097 | 1,021,216 |

*This asset was reclassified from intangible asset (See Note 12)



II. Property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS

continued

| | Land N'000 | Building N'000 | Plant & Machinery N'000 | Motor Vehicles N'000 | Motor Cycle N'000 | Computer & Other IT Equipment N'000 | Furniture & Fittings N'000 | Capital- work-in- progress N'000 | Total N'000 |
|-------------------------|----------------|-------------------|-------------------------------|----------------------------|-------------------------|--|-------------------------------------|---|------------------|
| COSTS | | | | | | | | | |
| At 1 April 2014 | 141,207 | 344,108 | 66,176 | 648,945 | 204,039 | 188,025 | 46,066 | 1,492 | 1,640,058 |
| Addition | 2,958 | 72,899 | 534 | 47,479 | 34,481 | 55,106 | 4,981 | 725 | 219,163 |
| Reclassifications | - | 1,120 | - | (97,800) | 97,800 | - | - | (1,120) | - |
| Disposals | - | - | (7,271) | (31,703) | (3,698) | (1,653) | - | - | (44,325) |
| At 31 March 2015 | 144,165 | 418,127 | 59,439 | 566,921 | 332,622 | 241,478 | 51,047 | 1,097 | 1,814,896 |
| DEPRECIATION | | | | | | | | | |
| At 1 April 2014 | - | 27,298 | 21,665 | 204,224 | 195,306 | 99,328 | 27,638 | - | 575,459 |
| Charge for the year | 9,067 | 9,039 | 89,476 | 82,554 | 47,287 | 8,616 | - | 246,039 | |
| Disposal | - | - | (6,066) | (14,100) | (5,895) | (1,757) | - | - | (27,818) |
| At 31 March 2015 | - | 36,365 | 24,638 | 279,600 | 271,965 | 144,858 | 36,254 | - | 793,680 |
| Net Book Value | | | | | | | | | |
| At 31 March 2015 | 144,165 | 381,762 | 34,801 | 287,321 | 60,657 | 96,620 | 14,793 | 1,097 | 1,021,216 |
| At 31 March 2014 | 141,207 | 316,810 | 44,511 | 444,721 | 8,733 | 88,697 | 18,428 | 1,492 | 1,064,599 |



11. Property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS

continued

| | Land | Building | Plant & Machinery | Motor Vehicles | Motor Cycle | Computer & Other IT Equipment | Furniture & Fittings | Capital-work-in-progress | Total |
|-------------------------|---------------|----------------|-------------------|----------------|---------------|-------------------------------|----------------------|--------------------------|----------------|
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| COSTS | | | | | | | | | |
| At 1 April 2015 | 74,647 | 290,580 | 51,065 | 204,811 | 71,228 | 231,755 | 31,301 | - | 955,388 |
| Addition | 15,000 | 2,206 | 7,585 | 19,010 | 8,380 | 16,162 | 5,274 | 73,616 | |
| Disposals | - | (4,910) | (30,038) | (5,093) | (58) | (40,099) | | | |
| Reclassifications | - | | | | | | | | |
| At 31 March 2016 | 89,647 | 292,786 | 53,740 | 193,783 | 74,515 | 247,917 | 36,517 | - | 988,904 |
| DEPRECIATION | | | | | | | | | |
| At 1 April 2015 | - | 24,668 | 20,321 | 129,126 | 52,491 | 139,324 | 21,679 | - | 387,609 |
| Charge for the year | 7,295 | 9,144 | 34,997 | 14,152 | 49,545 | 3,909 | 119,042 | | |
| Disposal | - | (3,139) | (23,025) | (3,794) | (58) | (30,016) | | | |
| At 31 March 2016 | - | 31,963 | 26,326 | 141,098 | 62,849 | 188,869 | 25,530 | - | 476,635 |
| Net Book Value | | | | | | | | | |
| At 31 March 2016 | 89,647 | 260,822 | 27,414 | 52,684 | 11,667 | 59,047 | 10,988 | | 512,269 |
| At 31 March 2015 | 74,647 | 265,912 | 30,744 | 75,685 | 18,737 | 92,431 | 9,622 | - | 567,778 |



II. Property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS

continued

| | Land N'000 | Building N'000 | Plant & Machinery N'000 | Motor Vehicles N'000 | Motor Cycle N'000 | Computer & Other IT Equipment N'000 | Furniture & Fittings N'000 | Capital- work-in- progress N'000 | Total N'000 |
|-------------------------|---------------|-------------------|-------------------------------|----------------------------|-------------------------|--|-------------------------------------|---|----------------|
| COSTS | | | | | | | | | |
| At 1 April 2014 | 74,647 | 230,703 | 57,802 | 194,677 | 63,895 | 180,500 | 27,434 | 1,120 | 830,778 |
| Addition | - | 58,757 | 534 | 24,134 | 11,031 | 52,909 | 3,867 | - | 151,232 |
| Disposals | - | - | (7,271) | (13,999) | (3,698) | (1,654) | - | - | (26,622) |
| Reclassifications | - | 1,120 | - | - | - | - | - | (1,120) | - |
| At 31 March 2015 | 74,647 | 290,580 | 51,065 | 204,811 | 71,228 | 231,755 | 31,301 | - | 955,388 |
| DEPRECIATION | | | | | | | | | |
| At 1 April 2014 | - | 18,790 | 18,412 | 100,051 | 38,144 | 94,319 | 17,427 | - | 287,143 |
| Charge for the year | 5,878 | 7,975 | 42,421 | 18,044 | 46,763 | 4,252 | - | 125,333 | - |
| Disposal | - | - | (6,066) | (13,346) | (3,697) | (1,758) | - | - | (24,867) |
| At 31 March 2015 | - | 24,668 | 20,321 | 129,126 | 52,491 | 139,324 | 21,679 | - | 387,609 |
| Net Book Value | | | | | | | | | |
| At 31 March 2015 | 74,647 | 265,912 | 30,744 | 75,685 | 18,737 | 92,431 | 9,622 | - | 567,778 |
| At 31 March 2014 | 74,647 | 211,913 | 39,390 | 94,625 | 25,751 | 86,180 | 10,008 | 1,120 | 543,635 |

NOTES TO THE FINANCIAL STATEMENTS

continued

12 Intangible assets

| | GROUP | COMPANY |
|----------------------------------|---------------|----------------|
| Cost: | N'000 | N'000 |
| At 1 April 2014 | 35,066 | 34,567 |
| Additions externally acquired | 9,829 | 9,303 |
| | ----- | ----- |
| At 1 April 2015 | 44,895 | 43,870 |
| Additions externally acquired | 1,337 | 1,337 |
| Reclassification * | (525) | - |
| | ----- | ----- |
| At 31 March 2016 | 45,707 | 45,207 |
| | ----- | ----- |
| Amortization: | | |
| At 1 April 2014 | 24,367 | 24,218 |
| Amortization charge for the year | 9,374 | 9,207 |
| | ----- | ----- |
| At 1 April 2015 | 33,741 | 33,425 |
| Amortization charge for the year | 6,607 | 6,441 |
| | ----- | ----- |
| At 31 March 2016 | 40,348 | 39,866 |
| | ----- | ----- |
| Net Book Value: | | |
| At 31 March 2016 | 5,359 | 5,345 |
| | ===== | ===== |
| At 31 March 2015 | 11,154 | 10,448 |
| | ===== | ===== |

The Group's intangible asset represents N45,707 investments on computer software and software licenses. This is to be amortised to profit or loss over a period of three years when the application is installed and put into use. At present, no impairment is deemed to be required. There is no further contractual commitment to acquire intangible assets as at 31 March 2016.

| | The Group | | The Company | |
|--------------------------------------|------------------|---------------|--------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| | N'000 | N'000 | N'000 | N'000 |
| 13 Prepayment | | | | |
| Current portion | 73,799 | 57,843 | 53,356 | 37,609 |
| Non-current portion At 31 March 2016 | 14,736 | 16,153 | 14,736 | 16,153 |
| | ----- | ----- | ----- | ----- |
| | 88,535 | 73,996 | 68,092 | 53,762 |
| | ===== | ===== | ===== | ===== |
| Opening Balance | 73,996 | 44,622 | 53,762 | 44,622 |
| Addition | 109,545 | 97,350 | 96,855 | 86,125 |
| Amortised Closing Balance | (95,006) | (67,976) | (82,515) | (76,985) |
| | ----- | ----- | ----- | ----- |
| | 88,535 | 73,996 | 68,092 | 53,762 |
| | ===== | ===== | ===== | ===== |

The non-current prepayment relates to prepaid office rent for the Group's office outlets across the country which will not be amortised in the next 12 months; while the current portion relates to the rent that will be amortised within the next 12 months.



NOTES TO THE FINANCIAL STATEMENTS

continued

| | The Group | | The Company | |
|---|---------------|---------------|----------------|----------------|
| | 2016 N'000 | 2015 N'000 | 2016 N'000 | 2015 N'000 |
| 14 Long term investment | | | | |
| Available for sale instrument: | | | | |
| Neimeth International Pharmaceuticals Plc | 2,057 | 2,057 | 2,057 | 2,057 |
| Impairment loss | (1,489) | (1,456) | (1,489) | (1,456) |
| | <u>568</u> | <u>601</u> | <u>568</u> | <u>601</u> |
| Investment in subsidiaries measured at costs: | | | | |
| Investment in Red Star Freight Limited | - | - | 10,000 | 10,000 |
| Investment in Red Star Support Services Limited | - | - | 49,065 | 49,065 |
| Investment in Red Star Logistics Limited | - | - | 225,000 | 225,000 |
| | <u>-</u> | <u>-</u> | <u>284,065</u> | <u>284,065</u> |
| | <u>568</u> | <u>601</u> | <u>284,633</u> | <u>284,666</u> |
| | ===== | ===== | ===== | ===== |

Neimeth International Pharmaceutical Plc is a listed entity on the Nigerian Stock Exchange (Note 3.18).

Red Star Express Plc has a interest in Red Star Freight Limited (RSF), Red Star Supports Services Limited (RSS) and Red Star Logistics Limited (RSL). RSF primary activities are the transportation of goods via sea and/or air, RSS renders outsourcing services such as mail management while RSL is involved in heavy duty haulages on road within the country. The subsidiaries are private entities and are not listed on any public exchange.

| | The Group | | The Company | |
|--|----------------|----------------|---------------|---------------|
| | 2016 N'000 | 2015 N'000 | 2016 N'000 | 2015 N'000 |
| 15.1 Deferred taxation | | | | |
| At the beginning of the year | 132,139 | 131,456 | 33,873 | 33,190 |
| Tax (income) or expenses during the period recognized in P/L | (32,834) | 6,910 | (12,734) | 6,910 |
| Tax income or (expenses) during the period recognized in OCI | 9,870 | (6,227) | 9,870 | (6,227) |
| | <u>109,174</u> | <u>132,139</u> | <u>31,009</u> | <u>33,873</u> |
| | ===== | ===== | ===== | ===== |



NOTES TO THE FINANCIAL STATEMENTS

continued

| | The Group | | The Company | |
|---|----------------|----------------|---------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| | N'000 | N'000 | N'000 | N'000 |
| 15.2 Deferred tax relates to the following: | | | | |
| Accelerated depreciation | | | | |
| For tax purposes | 143,181 | 166,288 | 59,607 | 61,761 |
| Gratuity | 2,962 | (7,823) | 2,961 | (7,823) |
| Provision for diminution | (10) | (178) | (10) | (178) |
| Impairment of receivables | (36,959) | (28,426) | (31,549) | (19,425) |
| Foreign exchange (loss)/gain | - | 2,278 | - | (462) |
| | ----- | ----- | ----- | ----- |
| At the end of the year | 109,174 | 132,139 | 31,009 | 33,873 |
| | ===== | ===== | ===== | ===== |
| 16 Inventories | | | | |
| Stationeries and packaging | | | | |
| Materials | 57,692 | 46,189 | 50,395 | 44,384 |
| Fuel & Oil | 3,146 | 6,029 | 3,146 | 6,029 |
| Spares | 341 | - | - | - |
| | ----- | ----- | ----- | ----- |
| | 61,179 | 52,218 | 53,541 | 50,413 |
| | ===== | ===== | ===== | ===== |

During 2016, N164,264,677 and N483,456,531 (2015: N171,541,473 and N498,656,902) was recognised as an expense for inventories carried at net realisable value for the Company and the Group respectively. This is recognised in cost of sales. There was no inventory write-down during the year.

| | | | | |
|-----------------------------|------------------|------------------|------------------|------------------|
| 17 Trade receivables | | | | |
| Trade receivables | 1,755,410 | 1,647,327 | 1,135,300 | 1,177,021 |
| Provision for bad debt | (123,195) | (94,753) | (105,164) | (64,751) |
| | ----- | ----- | ----- | ----- |
| | 1,632,215 | 1,552,574 | 1,030,136 | 1,112,270 |
| | ===== | ===== | ===== | ===== |

Trade receivables are non-interest bearing and are generally on terms of 30 to over 360days. For terms and conditions relating to related party receivables, refer to Note 26. As at 31 March 2016, trade receivables of an initial value of N123,195,098 (2015 N94,752,590), and N105,164,155 (2015: N64,750,946) were impaired and fully provided for by the Group and the Company respectively. See below for the reconciliation movements in the provision for impairment of trade receivables.

| The Group | Individually Impaired N'000 | Collectively impaired N'000 | Total N'000 |
|-------------------------|-----------------------------------|-----------------------------------|----------------|
| At 1 April 2014 | 140,318 | - | 140,318 |
| Charge for the year | 71,417 | - | 71,417 |
| Utilised | (116,982) | - | (116,982) |
| | ----- | ----- | ----- |
| At 1 April 2015 | 94,753 | - | 94,753 |
| Charge for the year | 32,592 | - | 32,592 |
| Utilised | (4,150) | - | (4,150) |
| | ----- | ----- | ----- |
| At 31 March 2016 | 123,195 | - | 123,195 |
| | ===== | ===== | ===== |



NOTES TO THE FINANCIAL STATEMENTS

continued

As at 31 March, the ageing analysis of trade receivables (excluding receivables that have been specifically impaired) is as follows:

| | | Neither past Due nor impaired | | Past due but not impaired | |
|------|-----------|----------------------------------|----------------|------------------------------|-----------------|
| | Total | 0-90 Days | 91-180 Days | 181-270 Days | 271-360 Days |
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| 2016 | 1,632,215 | 669,169 | 699,853 | 208,874 | 54,319 |
| 2015 | 1,552,574 | 947,070 | 230,091 | 375,413 | - |

The Company

| | Individually impaired N'000' | Collectively impaired N'000' | Total N'000' |
|-------------------------|------------------------------------|------------------------------------|-----------------|
| At 1 April 2014 | 98,064 | - | 98,064 |
| Charge for the year | 32,622 | - | 32,622 |
| Utilised | (65,935) | - | (65,935) |
| At 1 April 2015 | 64,751 | - | 64,751 |
| Net charge for the year | 40,413 | - | 40,413 |
| At 31 March 2016 | 105,164 | - | 105,164 |

As at 31 March, the ageing analysis of trade receivables (excluding receivables that have been specifically impaired) is as follows:

| | Total | Neither past Due nor impaired | past due but not impaired | | |
|------|-----------|----------------------------------|------------------------------|-----------------|--------|
| | 0-90 | 91 - 180 days | 181-270 days | 271-360 days | |
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| 2016 | 1,030,136 | 520,188 | 393,884 | 61,745 | 54,319 |
| 2015 | 1,112,270 | 554,611 | 129,725 | 427,934 | - |

See Note 33(1a) on credit risk of trade receivables, which discusses how the Group manages and measures credit quality of trade receivables.

18 Other receivables

| | The Group | | The Company | |
|-------------------------|----------------|----------------|----------------|----------------|
| | 2016 N'000 | 2015 N'000 | 2016 N'000 | 2015 N'000 |
| Unutilized WHT receipts | 209,936 | 197,478 | 181,175 | 160,545 |
| Staff car advance | 86,069 | 88,869 | 82,574 | 88,869 |
| Other receivables | 7,179 | 7,200 | 7,179 | 7,200 |
| Other staff advances | 147,624 | 137,438 | 59,239 | 72,931 |
| | 450,808 | 430,985 | 330,167 | 329,545 |
| | ===== | ===== | ===== | ===== |



NOTES TO THE FINANCIAL STATEMENTS

continued

| | The Group | | The Company | |
|---------------------------|----------------|----------------|----------------|----------------|
| | 2016 N'000 | 2015 N'000 | 2016 N'000 | 2015 N'000 |
| 19 Cash and bank balances | | | | |
| Cash balances | 2,701 | 509 | 365 | 465 |
| Cash -in- transit | 42,615 | 43,717 | 42,615 | 42,213 |
| Bank balances | 421,370 | 401,683 | 294,124 | 312,199 |
| Short term deposit | 168,448 | 229,489 | 147,964 | 229,489 |
| | ----- | ----- | ----- | ----- |
| | 635,134 | 675,398 | 485,068 | 584,366 |
| | ===== | ===== | ===== | ===== |

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one month and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. The Cash-in-transit are cash sales at the end of the financial year by the up country locations that have been deposited at various banks for which the supporting document have not been received at the Head Office for appropriate recording.

| | The Group | | The Company | |
|---|---------------|---------------|---------------|---------------|
| | 2016 N'000 | 2015 N'000 | 2016 N'000 | 2015 N'000 |
| 20 Share capital | | | | |
| Authorized | | | | |
| 1,000,000,000 ordinary shares of 50 kobo each | 500,000 | 500,000 | 500,000 | 500,000 |
| | ===== | ===== | ===== | ===== |
| Issued and fully paid: | | | | |
| 589,496,760 ordinary shares of 50 kobo each | 294,748 | 294,748 | 294,748 | 294,748 |
| | ===== | ===== | ===== | ===== |
| 21 Share premium | 296,433 | 296,433 | 296,433 | 296,433 |
| | ===== | ===== | ===== | ===== |

Section 120.2 of Companies and Allied Matters Act requires that where a company issues shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium. At an extraordinary general meeting held on 22 February 2007, the shareholders passed a resolution to raise additional capital through private placement by the creation of additional 75 million ordinary shares of 50 kobo each issued at N4 per share. The share premium increase from N43.8 million to N296.4 million for the year ended 31 March 2007.

| 22 Term Loan | | | | |
|-----------------|---------------|---------------|---------------|---------------|
| | The Group | | The Company | |
| | 2016 N'000 | 2015 N'000 | 2016 N'000 | 2015 N'000 |
| Long-term | - | 30,322 | - | - |
| Short-term | 30,322 | 33,436 | - | - |
| | ----- | ----- | ----- | ----- |
| Total term loan | 30,322 | 63,758 | - | - |
| | ===== | ===== | ===== | ===== |



NOTES TO THE FINANCIAL STATEMENTS

continued

| | Less than 12 months N'000 | 1 Year and above N'000 | Total N'000 |
|--------------------------|--|---------------------------------------|------------------------|
| Term Loan | | | |
| Year ended 31 March 2016 | 30,322 | - | 30,322 |
| | ===== | ===== | ===== |

Fidelity Bank granted a loan of N 114,512,940 to Red Star Logistics Limited (a subsidiary company) in 2013 to finance the acquisition of 2 units of MAN tractor CLA 18.280 4X2, 1 unit of 18.280 with Jumbo Box Body, 5 units of MAN diesel TGM 18.240 4X2 with Steel Body and 1 unit of 42 Feet Flat Bed. The duration of the loan is for 48 months (3 months moratorium inclusive) with an interest rate of 18%. The loan is secured by legal ownership of the assets to be purchased and corporate guarantee of Red Star Express Plc. The loan is recognized and measured at amortized cost.

23. Deposit for shares

This represents deposit for additional investment in Red Star Freight Limited.

24.1 Post-employment benefit plans

| | 2016 N'000 | 2015 N'000 |
|---|-----------------------|-----------------------|
| Net employee defined benefit liabilities | (24,781) | (26,075) |
| | ===== | ===== |

In line with its terms of agreement, the Actuarial valuation was performed by Messrs KDA Associates (Actuaries, Statisticians, Employee Benefits and Investment Analyst) for both the current year and the comparative year.

The major categories of plan assets of the fair value of the total plan assets are, as follows:

| Investment Type | | 2016 | | 2015 | Nature |
|------------------------|--|-------------|--|-------------|----------------------|
| Investment Property | | 106,918,423 | | 109,145,890 | Buildings (Unquoted) |
| Investment in Shares | | 2,750,178 | | 3,434,147 | Quoted |
| FGN Bond | | 113,171,223 | | 84,000,000 | Quoted |
| Treasury bills | | 163,436,428 | | 192,772,000 | Quoted |
| Cash and Bank | | 154,593,247 | | 132,465,509 | Unquoted |
| Total | | 540,869,499 | | 521,817,546 | |

The following tables summarise the components of net benefit expense recognised in the income statement and the funded status and amounts recognised in the statement of financial position for the respective plans:



NOTES TO THE FINANCIAL STATEMENTS

continued

The principal assumptions used in determining employees' benefit obligations for the Group's plans are shown below:

24.2 2016 changes defined benefit obligation

| | Pension obligation charged to profit or loss | | | | Re-measurement (gains)/losses in other comprehensive income | | | | | | |
|----------------------------|--|--------------------------|-------------------------------------|--|---|---|---|---|--|--|---------------------------|
| | 1-Apr-15 N'000 | Service cost N'000 | Net interest expense N'000 | Sub-total included in profit of loss N'000 | Benefits paid N'000 | Actuarial changes arising from changes in demogra- phic assumptions N'000 | Actuarial changes arising from changes in financial assumptions N'000 | Experience adjustm- ents N'000 | Sub-total included in OCI N'000 | Contribu- tion by employer N'000 | 31 March 2016 N'000 |
| Defined benefit obligation | (547,892) | (90,221) | (63,811) | (154,032) | 91,256 | - | 45,018 | - | 45,018 | | (565,651) |
| Fair value of plan assets | 521,817 | - | 52,181 | 52,181 | (91,256) | - | (12,119) | - | (12,119) | 70,246 | 540,870 |
| Benefit liability | (26,075) | - | - | (101,851) | - | - | 32,899 | - | 32,899 | 70,246 | (24,781) |

2015 changes defined benefit obligation

| | Pension obligation charged to profit or loss | | | | Re-measurement (gains)/losses in other comprehensive income | | | | | | |
|--------------------|--|--------------------------|-------------------------------------|--|---|---|---|---|--|--|---------------------------|
| | I-Apr-14 N'000 | Service cost N'000 | Net interest expense N'000 | Sub-total included in profit of loss N'000 | Benefits paid N'000 | Actuarial changes arising from changes in demogra- phic assumptions N'000 | Actuarial changes arising from changes in financial assumptions N'000 | Experience adjustm- ents N'000 | Sub-total included in OCI N'000 | Contribu- tion by employer N'000 | 31 March 2015 N'000 |
| Defined benefit | | | | | | | | | | | |
| Obligation | (455,106) | (68,400) | (52,351) | (120,751) | 48,720 | (9,789) | (8,342) | (2,625) | (20,756) | | (547,892) |
| Fair value of plan | | | | | | | | | | | |
| Assets | 444,677 | - | 55,694 | 55,694 | (48,720) | - | - | - | - | 70,167 | 521,817 |
| Benefit liability | (10,429) | - | - | (65,057) | - | (9,789) | (8,342) | (2,625) | (20,756) | 70,167 | (26,075) |

NOTES TO THE FINANCIAL STATEMENTS

continued

The principal assumptions used in determining post-employment benefit obligations for the Group's plans are shown below:

| | 2016 | 2015 |
|-------------------------|------|------|
| Discount rate | 13 | 10 |
| Future salary increases | 5 | 5 |
| Mortality rate | 8 | 8 |

A one percentage point change in the assumed rate of increase in healthcare costs would have the following effects:

| | Future salary increases | | Discount rate | | Mortality rate | |
|--------------------------------------|-------------------------|----------------------|----------------------|----------------------|--------------------------------|----------------------------------|
| | 1% Increase N'000 | 1% Decrease N'000 | 1% Increase N'000 | 1% Decrease N'000 | 1 year improvement N'000 | 1 year deterioration N'000 |
| 2016 | | | | | | |
| Impact on defined benefit obligation | 552,876 | 565,652 | 553,518 | 578,877 | 566,769 | 564,278 |
| 2015 | | | | | | |
| Impact on defined benefit obligation | 508,992 | 581,314 | 584,601 | 543,783 | 564,877 | (517,758) |

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

| | 2015 | 2014 |
|--|-----------|-----------|
| | N'000 | N'000 |
| Within the next 12 months (next annual reporting period) | 104,907 | 101,851 |
| Between 2 and 5 years | 315,025 | 305,553 |
| Between 5 and 10 years | 735,059 | 712,957 |
| Beyond 10 years | 840,067 | 814,808 |
| | ----- | ----- |
| Total expected payments | 1,995,058 | 1,935,169 |
| | ===== | ===== |

The average duration of the defined benefit plan obligation at the end of the reporting period is 20 years.

NOTES TO THE FINANCIAL STATEMENTS

continued

| | The Group | | The Company | |
|---|------------------|------------------|----------------|----------------|
| | 2016 N'000 | 2015 N'000 | 2016 N'000 | 2015 N'000 |
| 25. Other creditors and accruals | | | | |
| Accruals | 231,674 | 306,128 | 94,337 | 214,974 |
| Customers deposit | 60,902 | 127,556 | 60,902 | 127,556 |
| Agent clearing charges | 263,048 | 98,141 | 263,048 | 98,142 |
| Union dues | 88 | 5,103 | - | 5,103 |
| WHT | 63,525 | 58,409 | 55,753 | 50,253 |
| VAT | 218,050 | 182,424 | 155,852 | 132,968 |
| Staff pension (note 25.1)* | 25,066 | 54,947 | 4,979 | 7,422 |
| Unclaimed dividend | 79,296 | 50,018 | 79,296 | 50,018 |
| Other creditors | 62,980 | 172,461 | 18,178 | 136,972 |
| | 1,004,629 | 1,055,187 | 732,339 | 823,408 |
| | ===== | ===== | ===== | ===== |
| 25.1 Staff pension accruals | | | | |
| At the beginning of the year | 54,947 | 42,206 | 7,422 | 699 |
| Provision for the year | 54,569 | 143,609 | 30,566 | 61,204 |
| | 109,516 | 185,815 | 37,988 | 61,903 |
| Payment during the year | (84,450) | (130,868) | (33,009) | (54,481) |
| | 25,066 | 54,947 | 4,979 | 7,422 |
| | ===== | ===== | ===== | ===== |

*The Group's defined contribution pension plans is a final salary plan for the employees of Red Star Express Plc and its subsidiaries, which requires contributions to be made to separately administered funds.

26. Related party disclosure

The Group holds 100% equity interest in Red Star Freight Limited, Red Star Support Services Limited and Red Star Logistics Limited. The transactions with the related party are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees received for any related party receivables. For the year ended 31 March 2016, the Group has not recorded impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operate. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

| | Nature of transaction | Transaction Value | Balance receivable/ (payable) | Balance receivable/ (payable) |
|-------------------------------|---------------------------------------|-------------------|-------------------------------|-------------------------------|
| | | | 2016 | 2015 |
| | | N'000 | N'000 | N'000 |
| Related Companies: | | | | |
| Red Star Freight Ltd | Freight and custom clearance. | 91,465 | 79,348 | 15,138 |
| Red Star Logistics Ltd | Haulage and warehousing services | 107,163 | 99,123 | 5,006 |
| Red Star Support Services Ltd | Mail management and despatch services | 282,944 | (201,075) | (156,703) |



NOTES TO THE FINANCIAL STATEMENTS

continued

27. Reconciliation of net profit to cash from operating activities

| | The Group | | The Company | |
|--|-----------|-----------|-------------|-----------|
| | 2016 | 2015 | 2016 | 2015 |
| | N'000 | N'000 | N'000 | N'000 |
| Net profit before taxation | 572,107 | 611,062 | 423,195 | 423,396 |
| Adjustment to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 247,600 | 255,413 | 125,483 | 134,540 |
| Profit on disposal of fixed assets | 3,244 | (721) | 4,174 | (2,726) |
| Interest expense | 10,788 | 17,337 | - | - |
| Interest income | (7,415) | (13,205) | (6,810) | (12,909) |
| Dividend income | - | - | (87,204) | (78,732) |
| Impairment in investment | 33 | 592 | 33 | 592 |
| Impairment in receivable | 203,527 | 71,417 | 93,646 | 32,622 |
| Exchange difference | - | 7,592 | - | 1,541 |
| Changes in assets and liabilities: | | | | |
| (Increase)/decrease in inventories | (8,961) | 7,424 | (3,128) | 6,790 |
| (Increase)/decrease in trade receivable | (79,641) | (271,746) | 82,134 | 67,994 |
| (Decrease)/Increase in other Receivables and prepayments | (35,779) | (100,804) | 8,077 | (74,742) |
| (Increase)/decrease in amount due from related companies | - | - | (158,327) | (3,611) |
| (Decrease)/Increase in trade payables | (119,738) | (27,815) | (119,738) | (27,815) |
| (Decrease)/Increase in other payables and accruals | (479,863) | 133,699 | (356,677) | (318,264) |
| Increase/(decrease) in amount due to related companies | - | - | 44,372 | 86,748 |
| Increase in taxation payable | 14,909 | 46,126 | (2,864) | 7,426 |
| (Decrease)/Increase in deferred taxation | (22,965) | 682 | 24,437 | 682 |
| (Decrease)/Increase in employee benefits | (1,294) | 15,646 | (1,294) | 15,646 |
| Net cashflow provided by operating activities | 296,551 | 470,117 | 69,508 | 259,178 |



NOTES TO THE FINANCIAL STATEMENTS

continued

28. Distributions made and proposed

| | N'000 |
|--|-----------|
| Final dividend for 2013: 35k per share | 206,324 |
| Withholding tax | (20,632) |
| | ----- |
| Dividend Payable 185,692 | |
| Dividend paid during the year | (161,253) |
| Dividend Payable | (24,439) |
| | ----- |
| 31 March 2015 | - |
| | ===== |
| Final dividend for 2014: 35k per share | 206,324 |
| Withholding tax | (20,632) |
| Dividend payable | 24,439 |
| | ----- |
| Dividend Payable | 210,131 |
| Dividend paid during the year | (193,780) |
| Dividend Payable | (16,351) |
| | ----- |
| 31 March 2016 | - |
| | ===== |

29. Compensation of key management personnel of Red Star Express Plc

| Directors | The Group | | The Company | |
|---|---------------|---------------|---------------|---------------|
| | 2016 N'000 | 2015 N'000 | 2016 N'000 | 2015 N'000 |
| Remuneration paid to the Directors was: | | | | |
| Short-term employee benefit | | | | |
| Fees and sitting allowances | 11,145 | 11,145 | 8,235 | 8,235 |
| Executive compensation | 7,964 | 7,964 | 7,815 | 7,815 |
| Other Directors expenses and benefits | 21,155 | 21,155 | 21,155 | 21,155 |
| | ----- | ----- | ----- | ----- |
| | 40,264 | 40,264 | 37,205 | 37,205 |
| | ===== | ===== | ===== | ===== |



NOTES TO THE FINANCIAL STATEMENTS

continued

Fees and other emoluments disclosed above include amounts paid to:

| | 2016 | | 2015 |
|---------------------------|--------------|--------|--------------|
| | N'000 | | N'000 |
| The Chairman | 2,155 | 2,155 | |
| The highest paid Director | 13,581 | 13,581 | |

The number of Directors who received fees and other emoluments in the following ranges were:

| | Number | Number | Number | Number |
|---------------------------|--------|--------|--------|--------|
| Below N1,000,000 | | - | | - |
| N 1,000,000 - N 2,000,000 | 5 | 6 | 5 | 6 |
| N 2,000,001 - N 3,000,000 | - | - | - | - |
| N 3,000,001 and above | 2 | 2 | 2 | 2 |
| | == | == | == | == |

30. Staff number and higher paid employees

The average number of persons employed by the Group during the year, including Directors, is as follows;

| | The Group | | The Company | |
|-------------|------------------|---------------|--------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Number | Number | Number | Number |
| Managerial | 12 | 13 | 9 | 12 |
| Senior | 14 | 47 | 12 | 37 |
| Supervisors | 149 | 343 | 116 | 71 |
| Junior | 1,626 | 1,466 | 143 | 172 |
| | ----- | ----- | ----- | ----- |
| | 1,801 | 1,869 | 280 | 292 |
| | ===== | ===== | ===== | ===== |

The number of employees in receipt of emoluments within the following ranges was;

| | The Group | | The Company | |
|-------------------------|------------------|---------------|--------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Number | Number | Number | Number |
| N140,001 - N210,000 | 1,629 | 1,466 | 143 | 172 |
| N210,001 - N360,000 | 146 | 343 | 116 | 71 |
| N360,001 - N900,000 | 14 | 47 | 12 | 37 |
| N900,001 - N1,700,000 | 11 | 11 | 8 | 10 |
| N1,700,001 - N2,011,000 | 1 | 2 | 1 | 2 |
| | ----- | ----- | ----- | ----- |
| | 1,801 | 1,869 | 280 | 292 |
| | ===== | ===== | ===== | ===== |



NOTES TO THE FINANCIAL STATEMENTS

continued

31(a) Segment information

For disclosure purpose in compliance with IFRS 8, no single external customer transaction amount to 10 per cent or more of the entity's revenues.

The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

However, for management purposes, the Group is organised into Strategic Business Units (SBU) based on their revenue streams and has four reportable segments as follows:

| Segment statement of comprehensive income | Courier | | Freight | | Logistics | | Support services | | Group | |
|---|-------------|-------------|-----------|-----------|-----------|-----------|------------------|-----------|-------------|-------------|
| | 16-Mar | 15-Mar | 16-Mar | 15-Mar | 16-Mar | 15-Mar | 16-Mar | 15-Mar | 16-Mar | 15-Mar |
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Revenue (External customer) | 3,815,253 | 3,884,506 | 301,862 | 290,549 | 1,050,878 | 1,019,722 | 1,465,003 | 1,463,691 | 6,632,996 | 6,658,468 |
| Finance income | 6,810 | 12,909 | - | - | - | 296 | 605 | - | 7,415 | 13,205 |
| Cost of sales | (2,524,021) | (2,650,783) | (263,092) | (219,142) | (674,004) | (854,501) | (1,213,353) | (995,874) | (4,674,470) | (4,720,300) |
| Other Income | 87,831 | 83,478 | 758 | 29 | 13,869 | 36,432 | 949 | - | *16,204 | *42,748 |
| Operating expenses | (962,679) | (906,714) | (15,860) | (47,583) | (284,737) | (61,410) | (135,974) | (348,474) | (1,399,250) | (1,365,722) |
| Finance Cost | - | - | - | - | (10,788) | (17,337) | - | - | (10,788) | (17,337) |
| Profit before taxation | 423,195 | 423,396 | 23,668 | 23,853 | 95,218 | 123,202 | 117,230 | 119,343 | 572,107 | 611,062 |
| Taxation | (159,415) | (122,518) | (7,444) | (9,580) | (1,950) | (37,772) | (29,237) | (44,889) | (237,680) | (227,425) |
| Profit after taxation | 263,780 | 300,878 | 16,224 | 14,273 | 93,268 | 85,430 | 87,993 | 74,454 | 334,427 | 383,637 |

*The total of finance income in the group account is net of dividend received by the Parent company (Courier) from its subsidiaries.

| Segment statement of financial position | Courier | | Freight | | Logistics | | Support services | | Group | |
|---|-----------|-----------|---------|---------|-----------|---------|------------------|---------|-----------|-----------|
| | 16-Mar | 15-Mar | 16-Mar | 15-Mar | 16-Mar | 15-Mar | 16-Mar | 15-Mar | 16-Mar | 15-Mar |
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Total Non-current assets | 818,482 | 880,545 | 522 | 407 | 323,715 | 348,250 | 45,903 | 105,486 | 903,055 | 1,050,624 |
| Current assets | 2,130,739 | 2,134,347 | 187,479 | 109,640 | 542,093 | 416,644 | 366,964 | 285,234 | 2,853,135 | 2,769,018 |
| Total assets | 2,949,221 | 3,014,892 | 188,001 | 110,047 | 865,809 | 764,893 | 412,867 | 390,721 | 3,756,190 | 3,819,642 |
| Ordinary share capital | 294,748 | 294,748 | 10,000 | 10,000 | 225,000 | 225,000 | 49,065 | 49,065 | 294,748 | 294,748 |
| Share premium | 296,433 | 296,433 | - | - | - | - | - | - | 296,433 | 296,433 |
| Retained earnings | 1,091,932 | 1,011,446 | 63,365 | 54,837 | 297,780 | 244,716 | 232,853 | 158,730 | 1,620,863 | 1,469,730 |
| Non-current liabilities | 55,790 | 59,949 | 98 | 98 | 65,129 | 125,861 | 27,657 | 36,064 | 133,954 | 188,536 |
| Current liabilities | 1,210,318 | 1,352,316 | 114,539 | 45,111 | 277,900 | 169,316 | 103,293 | 146,862 | 1,410,193 | 1,570,195 |
| Total equity and liabilities | 2,949,221 | 3,014,892 | 188,001 | 110,047 | 865,809 | 764,893 | 412,867 | 390,721 | 3,756,190 | 3,819,642 |

31 (b) Geographical Area - All revenues are earned locally in Nigeria.



32. Financial risk management

Red Star Express Plc's principal financial assets comprise trade and other receivables, cash and short-term deposits that arise directly from its operations.

The Group's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

Red Star Express Plc is exposed to credit risk, liquidity risk and market risk. The Group's Board has overall responsibility to oversee the management of these risks. The Group's board of director's is supported by a risk management and governance committee that is responsible for developing the Group's Corporate Governance policies and practices and to consider the nature, extent and category of risks facing the Group.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group competitiveness and flexibility.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

I. Credit risk

This is the risk of financial loss to the Group if a customer or counterparty to financial instrument fails to meet its Contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts.

(a) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored by the credit committee comprising of sales, finance and internal audit.

At 31 March 2016, the Group had 276 customers (2015: 222 customers) that owed the Group more than N1,000,000 each and accounted for approximately (2015:) of all receivables.

There were 14 customers (2015: 15 customers) with balances greater than N10 million accounting for over(2015:)ofthetotalamountsreceivable.

The entity has adopted a policy of only dealing with credit worthy counter-parties and a credit committee is instituted which comprises of sale, finance and internal audit department to review the outstanding balances on customers' account. Insurance certificate is required before credit is granted to key distributors. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial conditions of account receivable and where appropriate, credit guarantee insurance cover is purchased.

The Group evaluates the concentration of risk with respect to trade receivables to be low, as the credit risk on liquid funds is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.



NOTES TO THE FINANCIAL STATEMENTS

continued

(b) Cash and short-term deposits

Credit risk from balances with banks and financial institutions is managed by the Red Star Express' treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counter parties and within credit limits assigned to each counter party. Counter party credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counter party's failure. Red Star Express maximum exposure to credit risk for the components of the statement of financial position at 31 March 2016 and 2015 is the carrying amounts as illustrated in Note 19.

2. Liquidity risk

This is the risk arising from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group policy is to ensure that it will always have sufficient cash to allow it meet its liabilities when they become due. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity requirement. The table below summarises the maturity profile of the Group's financial liabilities:

| Year ended 31 March 2016 | On Demand N'000 | Less than 3 months N'000 | 3 to 12 months N'000 | 1 to 5 years N'000 | Total N'000 |
|--------------------------|-----------------------|--------------------------------|----------------------------|--------------------------|----------------|
| Trade and other payables | 221,963 | 656,279 | 244,744 | - | 1,112,986 |
| | ===== | ===== | ===== | ===== | ===== |

| Year ended 31 March 2015 | On Demand N'000 | Less than 3 months N'000 | 3 to 12 months N'000 | 1 to 5 years N'000 | Total N'000 |
|--------------------------|-----------------------|--------------------------------|----------------------------|--------------------------|----------------|
| Trade and other payables | 280,734 | 541,045 | 473,003 | - | 1,294,782 |
| | ===== | ===== | ===== | ===== | ===== |

| | Less than 12 months N'000 | 1 Year and above N'000 | Total N'000 |
|--------------------------|---------------------------------|------------------------------|----------------|
| Term Loan | | | |
| Year ended 31 March 2016 | 33,169 | - | 33,169 |
| | ===== | ===== | ===== |
| Year ended 31 March 2015 | 41,110 | 33,169 | 74,279 |
| | ===== | ===== | ===== |



NOTES TO THE FINANCIAL STATEMENTS

continued

Financial risk management continued

The table below summarises the maturity profile of the Company's financial liabilities:

| Year ended 31 March 2016 | On Demand | On 3 months N'000 | Less than months N'000 | 3 to 12 years N'000 | 1 to 5 Total N'000 | N'000 |
|--------------------------|--------------|-------------------------|------------------------------|---------------------------|--------------------------|-------|
| Trade and other payables | 352,020 | 486,374 | 213,377 | - | 1,051,771 | |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| Year ended 31 March 2015 | On Demand | On 3 months N'000 | Less than months N'000 | 3 to 12 years N'000 | 1 to 5 Total N'000 | N'000 |
| Trade and other payables | 339,314 | 489,047 | 389,845 | - | 1,218,206 | |
| | ===== | ===== | ===== | ===== | ===== | ===== |

3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The activities of the entity are exposed primary to the following market risks; interest rate risk, foreign currency risk and commodity price risk.

(a). Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency). In preparing the financial statement of the entity, transactions in currencies other than the entity's functional currency [foreign currencies] are recognized at the rates of exchanges prevailing at the date of the transactions. The Group is not managing its foreign currency risk by hedging because the entity's dealing in foreign currencies is minimal and will not have material effect on the financial statements of Red Star Express Plc.

(b). Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate due to the changes in market interest rates. As at the year end, the Group is not exposed to interest rate risk as the rate of interest charged on borrowings is fixed.

33. Capital management

Management considers capital to consist only of equity as disclosed in the statement of financial position. The primary objective of the Red Star Express Plc capital management is to ensure that it maintains a healthy capital ratio that support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.



NOTES TO THE FINANCIAL STATEMENTS

continued

| The Group | 2016 | 2015 |
|---------------------------------------|------------------|------------------|
| | N'000 | N'000 |
| Interest-bearing loans and borrowings | 30,322 | 63,758 |
| Trade and other payables | 1,112,986 | 1,294,782 |
| Less: cash and short-term deposits | (635,134) | (675,398) |
| | ----- | ----- |
| Net debt | 508,174 | 683,142 |
| | ----- | ----- |
| Share capital | 294,748 | 294,748 |
| Retained earning | 1,620,862 | 1,469,729 |
| | ----- | ----- |
| Total capital | 2,212,043 | 2,060,910 |
| | ----- | ----- |
| Capital and net debt | 2,730,217 | 2,742,551 |
| Gearing ratio | 81% | 75% |

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2016 and 2015. In order to ensure an appropriate return for shareholder's capital invested in the Group, management thoroughly evaluates all material projects and potential acquisitions before approval. The Group is not subject to any capital restriction requirements.

34. Events after the reporting period

There are no material events which could have had a material effect on the state of affairs of the Group after the reporting period.

35. Commitments and Contingencies

The Group has entered into operating leases on its warehouse facilities. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future minimum rentals receivable under non-cancellable operating leases as at 31 Dec. are as follows:

| | The Group | |
|-----------------|------------------|--------------|
| | 2016 | 2015 |
| | N'000 | N'000 |
| Within one year | 28,869 | 28,869 |
| | ----- | ----- |
| | 28,869 | 28,869 |
| | ===== | ===== |

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the Group's states of affairs have been taken into account in the preparation of these consolidated financial statements under review.

Legal claim contingency

At 31st March 2016, there were no contingent liabilities. The Directors are of the opinion that based on the solicitors' advice no material loss will arise from them. Consequently, no provision has been made in these consolidated financial statements for the amount.

Guarantees

The Group accepted a performance bond of N50 million (2014: N50 million) in favour of Nigeria Customs Services.



STATEMENT OF VALUE ADDED

For the Year ended 31 March 2016

| The Group | 2016 N'000 | % | 2015 N 000 | % |
|--|---------------|-----|---------------|-----|
| Revenue | 6,632,996 | | 6,658,468 | |
| Cost Of Goods And Other Services Local | (5,359,431) | | (5,351,266) | |
| | ----- | | ----- | |
| | 1,273,565 | | 1,307,202 | |
| Non-Trading Items | 23,618 | | 54,412 | |
| | ----- | | ----- | |
| Total Value Added | 1,297,183 | | 1,361,614 | |
| | ===== | | ===== | |
| APPLIED AS FOLLOWS: | | | | |
| EMPLOYEES | | | | |
| - as salaries and labour related expenses | 502,607 | 39 | 477,802 | 35 |
| TO PROVIDER OF CAPITAL | | | | |
| - as finance cost | 10,788 | 1 | 17,337 | 1 |
| TO GOVERNMENT: | | | | |
| - as Group taxes | 234,595 | 18 | 220,515 | 15 |
| RETAINED FOR THE GROUP'S FUTURE | | | | |
| - for assets replacement (depreciation & amortization) | 247,600 | 19 | 255,413 | 19 |
| - deferred taxation | (32,834) | (3) | 6,910 | 1 |
| - for expansion (profit retained) | 334,427 | 26 | 383,637 | 29 |
| | ----- | | ----- | |
| | 1,297,183 | 100 | 1,361,614 | 100 |
| | ===== | | ===== | |



STATEMENT OF VALUE ADDED

For the Year ended 31 March 2016

| The Company | 2016 N'000 | % | 2015 N 000 | % |
|--|----------------|---|----------------|---|
| Revenue | 3,815,253 | | 3,884,506 | |
| Cost Of Goods And Other Services - Local | (3,140,726) | | (3,172,080) | |
| | 674,527 | | 712,426 | |
| Non-Trading Items | 94,641 | | 96,387 | |
| Total Value Added | 769,168 | | 808,813 | |
| | ===== | | ===== | |

APPLIED AS FOLLOWS:

EMPLOYEES

| | | | | |
|---|---------|----|---------|----|
| - as salaries and labour related expenses | 252,594 | 33 | 250,877 | 31 |
|---|---------|----|---------|----|

TO GOVERNMENT:

| | | | | |
|--------------------|---------|----|---------|----|
| - as Company taxes | 140,045 | 18 | 115,608 | 14 |
|--------------------|---------|----|---------|----|

RETAINED FOR THE COMPANY'S FUTURE

| | | | | |
|--|----------------|------------|----------------|------------|
| - for assets replacement (depreciation & amortization) | 125,483 | 17 | 134,540 | 17 |
| - deferred taxation | (12,734) | (2) | 6,910 | 1 |
| - for expansion (profit retained) | 263,780 | 34 | 300,878 | 37 |
| | 769,168 | 100 | 808,813 | 100 |
| | ===== | | ===== | |



FIVE YEAR FINANCIAL SUMMARY

For the Year ended 31 March 2016

The Group

| | IFRS | | Local GAAP | | |
|--|--------|--------|------------|--------|--------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| | N '000 | N '000 | N '000 | N '000 | N '000 |

STATEMENT OF COMPREHENSIVE INCOME

| | | | | | |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| Revenue | 6,632,996 | 6,658,468 | 6,416,430 | 5,293,813 | 5,029,598 |
| Profit before taxation | 572,107 | 611,062 | 603,891 | 544,961 | 617,934 |
| Profit after taxation | 334,427 | 383,637 | 403,634 | 304,525 | 304,792 |
| | ===== | ===== | ===== | ===== | ===== |

Per NI share date (kobo):

| | | | | | |
|-----------------|-------|-------|-------|-------|-------|
| Earning - Basic | 0.57 | 0.65 | 0.68 | 0.52 | 0.52 |
| | ===== | ===== | ===== | ===== | ===== |

| | IFRS | | Local GAAP | | |
|--|--------|--------|------------|--------|--------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| | N '000 | N '000 | N '000 | N '000 | N '000 |

STATEMENT OF FINANCIAL POSITION

Assets and Liabilities

| | | | | | |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|
| Property, plant & equipment | 882,393 | 1,021,216 | 1,064,599 | 826,603 | 674,198 |
| Intangible assets | 5,359 | 11,154 | 10,698 | 18,828 | 13,121 |
| Long term prepayment | 14,736 | 16,153 | 11,938 | 4,838 | 15,532 |
| Available for sale instrument | 568 | 601 | 1,193 | 633 | 633 |
| Deferred taxation | - | - | - | - | 12,270 |
| Employee benefit assets | - | - | - | - | 56,940 |
| Net current assets | 1,442,942 | 1,200,323 | 1,046,820 | 1,098,199 | 936,481 |
| Non-current liabilities | (133,955) | (188,536) | (232,529) | (227,727) | (37,263) |
| | ===== | ===== | ===== | ===== | ===== |
| | 2,212,043 | 2,060,911 | 1,902,719 | 1,721,374 | 1,671,912 |
| | ===== | ===== | ===== | ===== | ===== |

Capital and Reserves

| | | | | | |
|-------------------|------------------|------------------|------------------|------------------|------------------|
| Share capital | 294,748 | 294,748 | 294,748 | 294,748 | 294,748 |
| Share premium | 296,433 | 296,433 | 296,433 | 296,433 | 296,433 |
| Retained earnings | 1,620,862 | 1,469,730 | 1,311,538 | 1,130,193 | 1,080,731 |
| | ===== | ===== | ===== | ===== | ===== |
| | 2,212,043 | 2,060,911 | 1,902,719 | 1,721,374 | 1,671,912 |
| | ===== | ===== | ===== | ===== | ===== |



FIVE YEAR FINANCIAL SUMMARY

For the Year ended 31 March 2016

The Company

| | IFRS | | | Local GAAP | |
|--|--------|--------|--------|------------|--------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| | N '000 | N '000 | N '000 | N '000 | N '000 |

STATEMENT OF COMPREHENSIVE INCOME

| | | | | | |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| Revenue | 3,815,253 | 3,884,506 | 3,922,697 | 3,488,531 | 3,471,182 |
| Profit before taxation | 423,195 | 423,396 | 432,599 | 397,537 | 505,328 |
| Profit after taxation | 263,780 | 300,878 | 321,977 | 246,720 | 252,258 |
| | ===== | ===== | ===== | ===== | ===== |

Per N I share date (kobo):

| | | | | | |
|---------------|-------|-------|-------|-------|-------|
| Earning Basic | 0.45 | 0.51 | 0.56 | 0.42 | 0.43 |
| | ===== | ===== | ===== | ===== | ===== |

| | IFRS | | | Local GAAP | |
|--|--------|--------|--------|------------|--------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| | N '000 | N '000 | N '000 | N '000 | N '000 |

STATEMENT OF FINANCIAL POSITION

Assets and Liabilities

| | | | | | |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| Property, plant & equipment | 512,269 | 567,778 | 543,635 | 470,932 | 449,253 |
| Intangible assets | 5,345 | 10,448 | 10,351 | 18,828 | 13,121 |
| Long term prepayment | 14,736 | 16,153 | 11,938 | 4,838 | 15,532 |
| Long term investment | 284,633 | 284,666 | 285,258 | 207,637 | 207,637 |
| Deferred taxation | - | - | - | 12,270 | - |
| Employee benefit assets | - | - | - | 56,940 | - |
| Deposit for shares | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Net current assets | 920,421 | 782,031 | 715,557 | 752,951 | 667,229 |
| Non-current liabilities | (55,791) | (59,948) | (43,619) | (41,547) | - |
| | ----- | ----- | ----- | ----- | ----- |
| | 1,683,113 | 1,602,627 | 1,524,620 | 1,415,139 | 1,423,482 |
| | ===== | ===== | ===== | ===== | ===== |

Capital and Reserves

| | | | | | |
|-------------------|------------------|------------------|------------------|------------------|------------------|
| Share capital | 294,748 | 294,748 | 294,748 | 294,748 | 294,748 |
| Share premium | 296,433 | 296,433 | 296,433 | 296,433 | 296,433 |
| Retained earnings | 1,091,932 | 1,011,446 | 933,439 | 823,958 | 832,301 |
| | ----- | ----- | ----- | ----- | ----- |
| | 1,683,113 | 1,602,627 | 1,524,620 | 1,415,139 | 1,423,482 |
| | ===== | ===== | ===== | ===== | ===== |



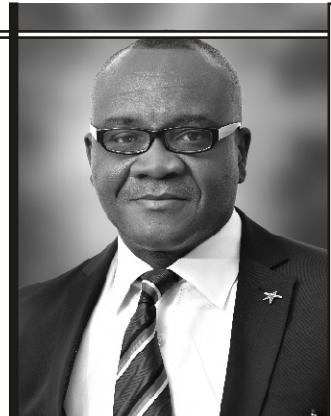
GROUP EXECUTIVE COMMITTEE



OBABORI, PETER OLUSOLA
Group Deputy Managing Director/
Chief Executive Officer



SULE UMAR BICHI
Managing Director/CEO



UKWAT, ENOBONG VICTOR
Executive Director, Sales and Marketing



BABAURA, BADAMASI AUWALU
Executive Director,
Finance and Administration



FRANCES NDIDI AKPOMUKA
Company Secretary



CHARLES UCHE EJEKAM
Divisional Managing Director,
Red Star Express



TONYE PUGHAFI
Divisional Managing Director,
Red Star Freight



ENOMA OJO
Divisional Managing Director,
Red Star Support Services



OCHOLI ETU
Divisional Managing Director,
Red Star Logistics



PROXY FORM

FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING OF RED STAR EXPRESS PLC. ON AUGUST 18, 2016 AT CIVIC CENTRE, OZUMBA MBADIWE, VICTORIA ISLAND, LAGOS.

I/WE..... being a member(s)

of RED STAR EXPRESS PLC. hereby appoint:** or failing him Mr. Sule Umar Bichi as my/our proxy to vote for me/us and on my/our behalf at the Annual General meeting of the Company to be held on Thursday 18th August 2016 and at any adjournment thereof.

Dated this..... day of 2016.

Shareholders' Signature..... Name of Shareholder.....

Common seal should be affixed if executed by a corporation.

| | RESOLUTIONS | FOR | AGAINST | ABSTAIN |
|----|---|-----|---------|---------|
| 1. | Approval of Accounts | | | |
| 2. | Declaration of Dividend | | | |
| 3. | Reelection of Directors; a. Dr. Mohammed H. Koguna b. Sir. Chris Ogbechie | | | |
| 4. | To authorize the Directors to fix the remuneration of the Auditors. | | | |

NOTE:

The above Proxy Form, when completed, must be deposited at the office of the Registrars, United securities Limited, 10, Amodu Ojikutu Street, Victoria Island, Lagos, not less than 48 hours before the times fixed for the meeting.

It is the requirement of the law under the Stamp Duties Act, Cap. A8, Laws of the Federation of Nigeria, 2004, that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear a stamp of N50.00 (Fifty Naira only).

If the Proxy Form is executed by a company, it should be sealed under its Common Seal or under the hand and seal of its attorney.

.....
Signature of the person attending

.....
Date



Dear Sir/Madam

Surname /Company Name:

[illegible]

Other Names (for individual Shareholder)

[illegible]

| | |
|---------------------|----------------------------|
| NAME OF COMPANY | SHAREHOLDING ACCOUNT NO |
| REDSTAR EXPRESS PLC | |

Present Postal Address

[illegible]

City

State

[illegible]

E-Mail Address 1:-

[illegible]

E-Mail Address 2:-

[illegible]

Mobile (GSM) Phone Number

[illegible]

Bank Name (SECTION TO BE COMPLETED BY YOUR BANK)

[illegible]

Bank Address

[illegible][illegible][illegible]

Bank Sort Code

[illegible]

I/We hereby request that from now, all dividend warrant (s) due to me / us from my / our holdings in all the companies indicated above be mandated to my / our Bank named above.

Shareholder's signature or Thumbprint

Shareholder's signature or Thumbprint

[illegible]

AUTHORISED SIGNATURE & STAMP OF BANKERS

PLEASE NOTE THAT THE SECTION FOR YOUR BANK ACCOUNT DETAILS HAS TO BE COMPLETED BY YOUR BANK

Kindly return the duly completed form to the Registrar, United Securities Limited at the address stated below

United Securities Limited. RC 126257

United Securities Limited, RC 120237
10, Amodu Ojikutu Street, Off Saka Tinubu Street, Victoria Island, P.M.B 12753 Lagos, Nigeria. Tel: +234 (1) 271-4566, 271-4567
Website: www.unitedsecuritieslimited.com; Email: info@unitedsecuritieslimited.com

"UNITED SECURITIES LIMITED hereby disclaims liability or responsibility for any errors/omissions/misstatements in any document transmitted electronically"

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[illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible]

Shareholder's Signature or Thumbprint

Shareholder's Signature or Thumbprint

AUTHORISED SIGNATURE & STAMP OF BANKERS

- Website: www.unitedsecuritieslimited.com; E-mail: info@unitedsecuritieslimited.com or The completed update form can also be submitted through any Access Bank Plc branch nearest to you.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES



Certification No. 0000076



STANDARDS ORGANISATION OF NIGERIA
CAP S9 LAW OF FEDERATION OF NIGERIA 2004

Certificate



CERTIFICATION MARK

This is to certify conformity of the
Quality Management System

Entity

With **NIS ISO 9001: 2008**

Specification/Standard

For **RED STAR EXPRESS PLC**
[PICK-UP AND DELIVERY OF PARCELS AND DOCUMENTS]

Organisation/Person

Validity for a period of **3 years** From date of issue.

DIRECTOR GENERAL
STANDARDS ORGANISATION OF NIGERIA

Date of issue

5 Oct. 2015

www.fedex.com
www.redstarplc.com