Red Star Express

2013 Annual Report & Accounts

CONTENTS

OURVision

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

OURMission

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.

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.

NETWORK

- 169 offices within Nigeria
- Deliveries to additional 1,520 communities
- Over 1,500 highly trained staff
- Over 660 vehicle fleet

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*

NOTICE IS HEREBY GIVEN that the 20th Annual General Meeting of Red Star Express Plc. will be held at the Welcome Centre Hotel, International Airport Road, Mafoluku, Lagos, on Thursday September 19, 2013 at 11.00a.m. to transact the following:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st March 2013 and the Report of the Directors and Auditors thereon.

2. To declare a dividend.

3. To re-elect Directors.

4. To appoint and authorize the Directors to fix the remuneration of Auditors.

5. To elect members of the Audit Committee.

SPECIAL BUSINESS
To consider and if thought fit, pass the following Special Resolution

1. To fix the Directors fees for the year ending 31 March 2014

2. To increase the authorized share capital of the company from N300 million to N500 million by the creation of additional 400 million ordinary shares of 50 kobo each, such new shares to rank parri passu in all respects with the existing ordinary shares in the capital of the company.

BY ORDER OF THE BOARD

FRANCES NDIDI AKPOMUKA
Company Secretary/Legal Adviser
FRC/2013/ICSAN/00000002640
JUNE 11TH, 2013

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 proxy need not be a member of the Company. An unstamped form of proxy is attached and if it is to be valid for the purpose of the meeting, it must be completed, duly stamped and signed by the appointing shareholder and 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 corporate member being a member of the company is required to execute a proxy under seal.

2. DIVIDEND
A dividend of 32 kobo per 50 kobo share would to be proposed to shareholders at the Annual General Meeting.

3. **CLOSURE OF REGISTER AND TRANSFER OF BOOKS**
The Register of Members and Transfer of Books of the Company will be closed from 2nd to 5th September, 2013 both dates inclusive to enable the presentation of an up to date Register.

4. **DIVIDEND PAYMENT**
If the recommendation for dividend is approved, dividend of 32 kobo per 50 kobo ordinary share will be posted on September 19, 2013 to all shareholders whose names appear on the Register of the company at the close of business on August 30, 2013. Shareholders who have completed the e-dividend Mandate Form will receive a direct credit of dividend into their bank accounts (via e-dividend) on September 19, 2019 while dividend warrants for shareholders who have not completed the e-dividend Mandate Form shall be posted on September 20, 2013.

5. **ANNUAL GENERAL MEETING**
The Annual General Meeting of the Company has been scheduled for 19th September, 2013 at 11 am in Welcome Centre Hotel, International Airport Road, Mafoluku, Lagos.

6. **INCREASE IN AUTHORIZED SHARE CAPITAL**
To increase the authorized share capital of the company from N300 million to N500 million by the creation of additional 400 million ordinary shares of 50 kobo each, such new shares to rank parri passu in all respects with the existing ordinary shares in the capital of the company.

7. **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.

BOARD OF DIRECTORS	Dr. Mohammed Hassan Koguna	Chairman
	Sule Umar Bichi	Managing Director/Chief Executive Officer
	Muyiwa Olumekun	Executive Director
	Mazi Sonny Allison	Non Executive Director
	Olayemi Peters	Non Executive Director
	Isaac Orolugbagbe	Non Executive Director
	Aminu Dangana	Non Executive Director

REGISTERED OFFICE
70, International Airport Road
Lagos.
Tel: 01-2715670-6
Email: enquiries@redstarexpress-ng.com
Http://www.redstarexpress-ng.com

REGISTERED NUMBER RC No. 200303

FRC NUMBER FRC/2012/0000000000253

SECRETARIES Frances Ndidi Akpomuka

AUDITORS
Ernst & Young
2A, Bayo Kuku Road
Ikoyi, Lagos.

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

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

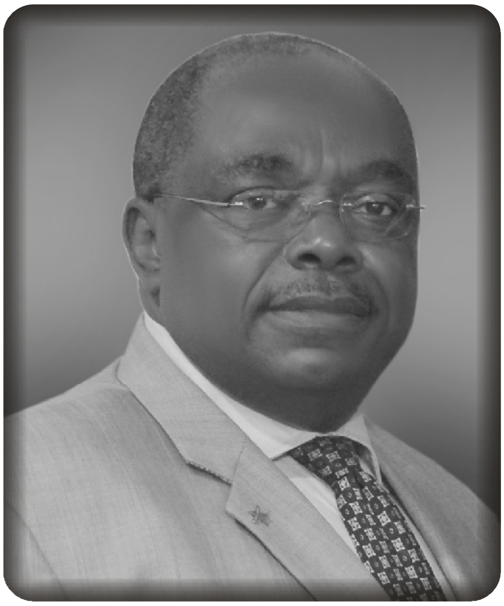
BANKERS
Guaranty Trust Bank Plc
Diamond Bank Plc
Zenith Bank Plc
Access Bank Plc
Stanbic IBTC Bank Plc
Skye Bank Plc
First Bank of Nigeria Plc
Fidelity Bank Plc
United Bank for Africa Plc
Ecobank Plc
Sterling Bank Plc

CURRENT BOARD OF DIRECTORS

DR. MOHAMMED H. KOGUNA
Chairman

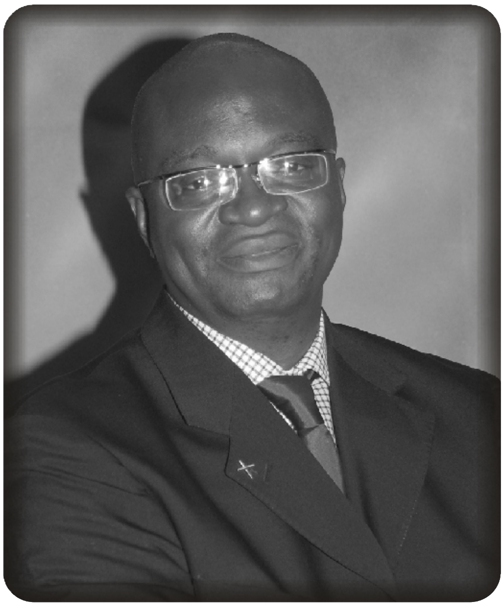
SULE UMAR BICHI
Managing Director/CEO

MUYIWA OLUMEKUN
Executive Director

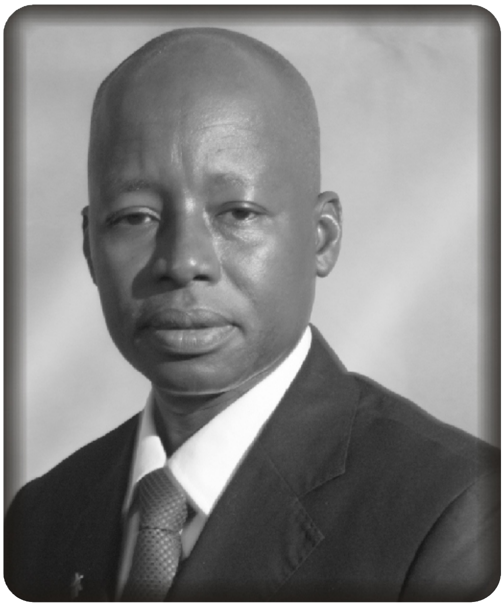


MAZI SONNY ALLISON
Director

OLAYEMI PETERS
Director



ISAAC OROLUGBAGBE
Director



ALHAJI AMINU DANGANA
Director

RESULT AT GLANCE

	2013 ₦'000	2012 ₦'000	Increase/(Decrease) %
Turnover	5,293,813	5,029,598	5
Profit before Tax	544,961	617,934	(12)
Profit after Tax	304,525	304,792	-
Proposed Dividend	188,639	176, 849	7
Share Capital	294,748	294, 748	-
Shareholders' Fund	1,721,374	1,671,912	3

PER SHARE DATA

Number of 50kobo Ordinary shares	589,496,760 ==========	589,496,760 ===========	-
Earnings per share (Naira)	0.52	0.52	-
Proposed Dividend per share	0.32	0.30	7
Dividend cover (times)	1.61	1.72	(6)
Assets per share	2.92	2.84	3
Number of employees	1,541	1,421	8

Distinguished Shareholders, Ladies and Gentlemen

I am delighted to welcome you to the 20th Annual General meeting of your company, Red Star Express Plc and to present to you our performance for the financial year ended March 31, 2013.

OPERATING ENVIRONMENT: The operating environment was challenging and evolving with a number of events; The value of the Naira against major currencies like the USD (US Dollars) and GBP (British Pound), was stable during the financial year, however, the hike in the price of petrol from ₦64/liter to ₦97/liter in January 2012 increased our cost of operation. This we could not pass on to customers due to the difficult economic environment.

During the financial year, the envisaged positive effect in our nation's infrastructure especially in the area of road network and power is evolving, but has not had enough positive effect yet. The dilapidated nature of our roads translates to higher maintenance and vehicle running costs. The cost of power generation is yet to reduce even with the increased tariff charge by the Power Holding Company of Nigeria (P.H.C.N).

In the course of the financial year too, the use of motor bikes (a major tool for rendering service) was a challenge - as a good number of states restricted the use of motor bikes while others recommended the use of bikes with higher capacity for example the 200cc motor bikes requirement in Lagos State. Your company had to meet this requirement and acquire these motor bikes; in addition to the purchase of new trucks and vans to expand capacity and enhance the quality of our service. Though all these led to higher operational cost resulting from higher depreciation, it also assisted in mitigating any negative effect on service delivery to our customers.

Of course, we are all aware of the Government's effort to resolve the nations' security challenges especially in the North Eastern zone of the country - where we have been operating skeletal services. Indeed we lost a member of our staff and her family in Kano State to this violence. May God repose their soul. Amen.

FINANCIAL PERFORMANCE: You will agree with me that the operating business environment in 2012 was quite challenging and harsh for most businesses however, Red Star Express was able to withstand this and steer the company on the path of profitability. Your company recorded a 5% growth in revenue moving from ₦ 5.03billion in 2011/2012 to ₦5.29billion in 2012/2013. Profit before tax was ₦544.96 million compared with ₦617.93million last financial year. The reduction in Profit before tax by 12% was as a result of the increase in operations cost as stated earlier, in addition to the 66% increase in the price of petrol.

We are pleased to inform you that in compliance to the Road Map of the conversion to International Financial Reporting Standard (IFRS) by Federal Government through the Financial Reporting Council of Nigeria (FRC), this financial statement under review has been prepared as such.

Please note too, that adequate tax provisions have been made in compliance with the relevant tax laws and the International Financial Reporting Standards (IFRS).

DIVIDEND

The Board of Directors is recommending a gross cash dividend of 32kobo for every 50kobo share issued giving a total dividend for the year amounting to N189million. This represents an increase of 6.66% compared to the amount paid last year. The dividend if approved at this meeting, will be payable subject to the deduction of appropriate Withholding tax.

CORPORATE SOCIAL RESPONSIBILITY

In continuation of its avowed commitment to good Corporate Social Responsibility and to encourage and reward academic excellence in public secondary schools in Nigeria, your company through the Red Star Foundation has continued to give scholarships to students from public secondary schools in different parts of Nigeria. A total of 82 scholars benefited from the scheme this year.

In addition to the scholarship scheme, Red Star Foundation also commenced the "I Care Project" in the year 2011, which is aimed at mobilizing staff of Red Star Express to donate non-perishables items to the less privileged and old peoples' homes in different locations across the country.

FUTURE OUTLOOK

Our company is determined to forge ahead and explore all available business opportunities in line with our vision of becoming a logistic service company of first choice known for global best practices.

Within the next 12 to 18 months we have plans to undertake expansion projects that will take the company to higher level. These strategic investment projects include;

- Building Warehouses along Lagos Ibadan Expressway
- Improve/acquire operational hubs at Abuja and Porthacourt
- Acquire Haulage Trucks to meet growing customer demand for dedicated trucking services
- Replace/renew fleet of motorcycles to comply with government requirements on courier vehicles, especially Lagos.
- Improve our ICT equipment to meet contemporary requirements; acquire operational scanners, sorting facilities, shipment security equipment, and improve our network.

To commence these projects, we have acquired five (5) acres of land along Lagos - Ibadan Expressway which we have cleared and in process of fencing up. The projects would be carried out group wide through the subsidiaries and the holding company.

These projects are capital in nature and would require sizeable funding. To that effect we would be proposing at this meeting, as a special business to increase our authorized share capital from ₦300million to ₦500million by the creation of additional 400,000,000 (four hundred million) ordinary shares of 50 kobo each. With the increase in authorized share capital, additional funds would be sourced from the capital market. Detailed proposals will be presented to you at a later date for raising the funds.

We are confident; with these projects our company would improve the quality of services offered to customers, increase our market share and improve our margins.

We look forward to the governments to consolidate on successes recorded in addressing security challenges in the country and improve physical infrastructure like roads, railways, power, and aviation.

CONCLUSION

I wish to conclude by thanking the Staff and Management for their hard work and commitment in achieving this result and most importantly all our customers and clients for their continued patronage. We would also like to appreciate our suppliers, the media, the communities within which we operate and other stakeholders for all the support in the last financial year while soliciting for more in the years ahead.

TO you our esteemed shareholders, we are indeed grateful for all your encouragement and request for more to enable us discharge our responsibilities.

Once again, thank you, God bless and welcome to the 2013 Annual General Meeting.

Alhaji Mohammed Koguna
Durbin Kano

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 2013.

Legal Status
Red Star Express 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.

Change in reporting framework
Following the directives of the Regulator, Financial Reporting Council of Nigeria, the Company changed its accounting policy from Nigeria Statement of Accounting Standards (SAS) to International Financial Reporting Standards (IFRS) in 2013.

Results for the year

	The Group		**The Company**	
	2013 ₦ '000	2012 ₦ '000	2013 ₦ '000	2012 ₦ '000
Revenue	5,293,813	5,029,598	3,488,531	3,471,182
Profit before taxation	**544,961**	**617,934**	**397,537**	**505,328**
Taxation	(240,436)	(313,142)	(150,817)	(253,070)
Profit after taxation	**304,525**	**304,792**	**246,720**	**252,258**

Dividend
The directors are pleased to recommend to the shareholders the payment of a dividend in respect of the year of ₦189 million that is 32 kobo gross per share which is payable on 19th September 2013, this is subject to approval by shareholders at the Annual General Meeting. Payment of dividend is subject to withholding tax at 10%. (2012: ₦177 million).

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

1. Dr. Mohammed Hassan Koguna - Chairman
2. Mr. Sule Umar Bichi - Managing Director/Chief Executive Officer
3. Mr. Muyiwa Olumekun - Executive Director
4. Mazi Sonny Allison - Non Executive Director
5. Mr. Olayemi Peters - Non Executive Director
6. Mr. Isaac Orolugbagbe - Non Executive Director
7. Alh. Aminu Dangana - Non Executive Director

In accordance with Section 256 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in accordance with the Company's Articles of Association, Mohammed Hassan Koguna and Isaac Orolugbagbe are retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with the provisions of Section 258(2) of the Companies and Allied Matters Act, (CAPC20) 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 four times in the year under review. The table below shows the number of meetings (board and committee) attended by each director;

Directors **Frequency of meetings**	**Board** **4**	**Strategy & Business Development** **3**	**Risk Management Remuneration** **NIL**	**Governance, Nomination &** **2**
	April 26, 2012 June 28, 2012 October 24, 2012 February 14, 2013	June 28, 2012 January 14, 2013 February 5, 2013		April 26, 2012 June 28, 2013
Dr. M.H. Koguna	4	N/A	N/A	2
Sule Umar Bichi	4	3	0	N/A
Muyiwa Olumekun	4	3	0	N/A
Mazi Sonny Allison	4	3	0	N/A
Mr. Olayemi Peters	4	NA	N/A	2
Mr. Isaac Orolugbagbe	4	3	N/A	N/A
Alh. Aminu Dangana	4	N/A	0	2

Audit Committee **Number of meetings**	4	14 June 2012, 30 July 2012, 22 October 2012, 29 January 2012
Ogbuefi Gilbert Uti	2	Was replaced by Mr. Fadenipo at AGM of 30 August 2012
Hon. Tajudeen Jimoh	4	
Mr. Isaac Orolugbagbe	3	
Mr. Olayemi Peters	4	
Mr. Folajimi Fadenipo	2	Elected at AGM of 30 August 2012

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 2004 and the listing requirements of the Nigerian Stock Exchange are as follows;

S/NO	NAME	NUMBER OF SHARES HELD AS AT 30 JULY 2013	NUMBER OF SHARES HELD AS AT 31 MARCH 2013	NUMBEROF SHARES HELD AS AT31 MARCH 2012
1.	Alhaji Mohammed H. Koguna	109,219,912- direct 86,756,059- indirect	109,219,912- direct 86,756,059- indirect	109,219,912- direct 86,756,059- indirect
2.	Sule Umar Bichi	5,416,680	5,416,680	5,393,897
3.	Olumuyiwa Olumekun	1,600,990	1,600,990	1,600,990
4.	Sonny Allison	569,810	569,810	569,810
5.	Olayemi Peters	7,032,065	7,032,065	7,032,065
7.	Isaac Orolugbagbe	12,552,959	12,552,959	12,552,959
8.	Aminu Dangana	20,000	20,000	20,000

SHARE CAPITAL HISTORY

The company's initial authorized share capital was ₦7million comprising 7 million ordinary shares of ₦1.00 each. The shares were subdivided into ordinary shares of 50 kobo each in 2006. The company's authorized share capital is currently ₦300 million, comprising 600 million ordinary shares of 50 Kobo each with an issued share capital of ₦294,748,155 representing 589,496,760 ordinary shares of 50 Kobo 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

Analysis of Shareholdings

According to the register of members as at 31 March 2013, the spread of Shareholdings in the Company was as follows:

Range		Number of Shareholders	%	Number of Holdings	% shareholders
1	1,000	634	14.54	367,041	0.06
1,001	5,000	1,061	24.33	3,515,405	0.60
5,001	10,000	704	16.14	5,944,474	1.01
10,001	50,000	1,332	30.54	35,109,289	5.96
50,001	100,000	283	6.49	22,065,985	3.74
100,001	500,000	259	5.94	57,747,766	9.80
500,001	1,000,000	37	0.85	28,727,922	4.87
1,000,001	5,000,000	33	0.76	69,268,021	11.75
5,000,001	10,000,000	7	0.16	52,860,571	8.97
10,000,001	50,000,000	9	0.21	126,824,315	21.51
50,000,001	1,000,000,000	2	0.05	187,065,97	31.73
Total		4,361	100.00	589,496,760	100.00

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 & Co. Ltd.	86,756,059	14.72

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 enclosed in the audited financial statements. 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 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 Corporation (FedEx), Belgium 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.

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 (Cap C20) LFN 2004
- Financial Reporting Council of Nigeria Act No. 6, 2011
- International Corporate Governance Best Practices
- Red Star Express Code of Business Conduct

Donations/Charitable Gifts

The Company made donations amounting to ₦2,324,135 during the year ended 31 March 2013 (2012: ₦2,137,970).

Beneficiaries	**₦**	**₦**
Boys Brigade	30,000	
Old People's Home, Lancaster, Yaba	50,000	
Nigeria Employers' Consultative Association	100,000	
Rebisi Community	150,000	
Nassarawa Children's Home, Kano	71,510	
Nigerian International Air Couriers Association	100,000	
National Drug Law Enforcement Agency	50,000	
Loyola Jesuit College	50,000	
Oluwakemi Orphanage, Ibadan	50,000	
US Embassy National Day Celebration	150,000	
		801,510
Red Star Foundation Trust Fund		1,522,625
		2,324,135

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 AND EMPLOYEE POLICY

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 2013, 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 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 packages 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 Workmen's compensation insurance, contributory pension scheme and non contributory gratuity scheme, all for the benefit and comfort of employees.

Post Balance Sheet Events

There have been no material post balance sheet events to date, which could have had a material effect on the financial statements of the Company as at 31 March 2013 and the profit for the year ended on that date which have not been adequately provided for or recognized.

Auditors

Ernst & Young, having indicated their willingness, continue in office pursuant to Section 357 (2) of the Companies and Allied Matter Act, CAP C20 Laws of the Federation of Nigeria, 2004.

BY ORDER OF THE BOARD

FRANCES NDIDI AKPOMUKA
COMPANY SECRETARIES
FRC/2013/ICSAN/00000002640
Lagos, Nigeria

29 July, 2013

INTRODUCTION

The bedrock of our corporate success and efficiency is our commitment and adherence to best corporate governance principles and practices. The company has policies and practices that guide our activities and ensure the expectations of various stakeholders are achieved.

GOVERNANCE STRUCTURE

THE BOARD

The Board is composed of seven (7) Directors, five (5) Non Executive including the Chairman and two (2) Executive Directors. The position of the Chairman and Chief Executive are held by two different persons. The non Executive Directors are independent of the Management and as such are able to carry out their oversight functions in an objective and effective manner. The board meets quarterly and exercises oversight functions through its committees. While performing its oversight functions, the board may obtain professional assistance from external sources. The board met four (4) times during the year.

In furtherance of its commitment to ensuring adherence to sound Corporate Governance Practices, the board during the year approved implementation of Code of Business Ethics Policy, Conflict of Interest Policy and Whistle Blowing Policy. These Policies are aimed at ensuring that the company and its customers not only adhere to sound business ethics but also provide a platform for feedback from persons who have suggestions on areas the company may improve upon.

BOARD COMMITTEES

The board has three committees namely Strategy and Business Development Committee, Risk Management Committee and the Governance, Nomination and Remuneration committee. The committees are guided by clearly defined Terms of Reference. The committees make recommendations to the board which retains responsibility for final decision making. The committees render reports to the board at the board meeting.

The composition of the membership of each committee and attendance of directors to meetings of these committees are as contained in the Directors report on page 7.

The Audit committee (Statutory) comprising equal number of shareholders representatives and non Executive Directors also met at various times during the year and performed their designated functions. Details of members attendance at the meetings are as contained on page 8.

Other committee

Management Committee - this consists of Executive Management and Heads of Department. They have scheduled weekly meetings to deliberate on matters ranging from sales and revenue, operations and services, risk management, quality, brand and other corporate issues. Emergency meetings may be called as need arise.

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.

The Company Secretary

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 2013

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

DR. MOHAMMED HASSAN KOGUNA
CHAIRMAN
FRC/2013/CIIN/00000003090

SULE UMAR BICHI
MANAGING DIRECTOR/CEO
FRC/2013/ICAN/00000003079

30 July 2013

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 2013 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
Chairman - Audit Committee
FRC/2013/ICAN/00000003809

29 July 2013

Members of the Audit Committee

Hon. Tajudeen Jimoh	Independent shareholder
Mr. Fola Jimi Fadanipo	Independent shareholder
Mr. Isaac Orolugbagbe	Non Executive Director
Barr. Yemi Peters	Non Executive Director

Secretary
Frances N. Akpomuka

We have audited the accompanying consolidated financial statements of Red Star Express Plc, which comprise the consolidated statement of financial position as at 31 March 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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 financial statements present fairly, in all material respects, the financial position of Red Star Express Plc as at 31 March 2013, and of its financial performance and its cash flows 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.

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 Company, so far as appears from our examination of those books;

iii) the Company's statement of financial position and comprehensive income statement are in agreement with the books of account.

Lagos, Nigeria
30 July, 2013
FRC/2012/ICAN/00000000138

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year ended 31 March 2013

		The Group		The Company	
	Note	**2013**	**2012**	**2013**	**2012**
	₦ '000	**₦ '000**	**₦ '000**	**₦ '000**	
Revenue	4	5,293,813	5,029,598	3,488,531	3,471,182
Cost of Sales		(3,657,378)	(3,423,286)	(2,321,079)	(2,271,943)
GROSS PROFIT		**1,636,435**	**1,606,312**	**1,167,452**	**1,199,239**
Other operating income	5	41,729	23,736	88,202	93,755
Administrative expenses	6	(751,003)	(682,213)	(600,934)	(561,723)
Employee benefits		(343,465)	(285,114)	(222,238)	(186,189)
Depreciation		(47,569)	(44,637)	(42,781)	(39,604)
Amortization of intangible assets		(7,793)	(5,921)	(7,793)	(5,921)
Total operating expenses		**(1,108,101)**	**(994,149)**	**(785,544)**	**(699,682)**
Finance income	7	16,627	5,771	15,629	5,771
PROFIT BEFORE TAXATION	8	**544,961**	**617,934**	**397,537**	**505,328**
TAXATION	9.1	(240,436)	(313,142)	(150,817)	(253,070)
PROFIT AFTER TAXATION		**304,525**	**304,792**	**246,720**	**252,258**
Other comprehensive income					
Loss on available for sales instrument		-	(296)	-	(296)
Actuarial loss on defined benefit plan		(78,214)	(15,970)	(78,214)	(15,970)
Income tax effect		23,464	4,880	23,464	4,880
Other comprehensive income for the year, net of tax		**(54,750)**	**(11,386)**	**(54,750)**	**(11,386)**
Total comprehensive income for the year, net of tax		**249,775**	**293,406**	**191,970**	**240,872**
Profit attributable to ordinary equity holders		**304,525**	**304,792**	**246,720**	**252,258**
Earnings per share (kobo)	10				
Basic, profit for the year attributable to ordinary equity holders		0.52	0.52	0.42	0.43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 March 2013

	Note	The Group 2013 ₦'000	The Group 2012 ₦'000	The Group 01-Apr-11 ₦'000	The Company 2013 ₦'000	The Company 2012 ₦'000	The Company 01-Apr-11 ₦'000
ASSETS							
Non-current assets							
Property, plant & equipment	11	826,603	674,198	731,086	470,932	449,253	482,917
Intangible assets	12	18,828	13,121	8,132	18,828	13,121	8,132
Long term prepayment	13	4,838	15,532	16,845	4,838	15,532	16,845
Long term investment	14	633	633	929	207,637	207,637	207,933
Deferred taxation	15.1	-	12,270	-	-	12,270	-
Employee benefit assets	24	-	56,940	63,231	-	56,940	63,231
Deposit for shares	23	1,500	1,500	1,500	1,500	1,500	1,500
Total non-current assets		**852,402**	**774,194**	**821,723**	**703,735**	**756,253**	**780,558**
Current assets							
Inventories	16	52,383	50,435	46,148	50,722	48,563	44,577
Trade receivables	17	1,280,849	1,351,472	1,204,359	925,105	1,018,253	931,670
Other receivables and prepayment	18	336,327	235,708	261,070	261,814	176,828	210,462
Due from related companies	26	-	-	-	88,264	42,540	-
Cash and cash equivalents	19	515,588	504,088	269,408	349,660	438,051	236,977
Total current assets		**2,185,147**	**2,141,703**	**1,780,985**	**1,675,565**	**1,724,235**	**1,423,686**
TOTAL ASSETS		**3,037,549**	**2,915,897**	**2,602,708**	**2,379,300**	**2,480,488**	**2,204,244**
		========	========	========	========	========	========
EQUITY AND LIABILITIES							
Equity							
Share capital	20	294,748	294,748	294,748	294,748	294,748	294,748
Share premium	21	296,433	296,433	296,433	296,433	296,433	296,433
Retained earnings		1,130,193	1,080,731	969,054	823,958	832,301	773,158
Total equity		**1,721,374**	**1,671,912**	**1,560,235**	**1,415,139**	**1,423,482**	**1,364,339**
Liabilities							
Non-current liabilities							
Deferred taxation	15.2	112,211	37,263	55,428	40,543	-	13,727
Term loan	22	114,512	-	-	-	-	-
Employee benefit liabilities	24	1,004	-	-	1,004	-	-
Total non-current liabilities		**227,727**	**37,263**	**55,428**	**41,547**	**-**	**13,727**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
cont'd.

	Note	The Group 2013 ₦'000	The Group 2012 ₦'000	The Group 01-Apr-11 ₦'000	The Company 2013 ₦'000	The Company 2012 ₦'000	The Company 01-Apr-11 ₦'000
Trade creditors		209,633	175,196	161,563	209,633	169,519	156,894
Other creditors and accruals	25	645,595	719,013	587,730	482,545	588,490	456,993
Due to related companies	26	-	-	-	110,626	127,627	128,373
Taxation	9.2	233,220	312,513	237,752	119,810	171,370	83,918
Total current liabilities		**1,088,448**	**1,206,722**	**987,045**	**922,614**	**1,057,006**	**826,178**
Total liabilities		**1,316,175**	**1,243,985**	**1,042,473**	**964,161**	**1,057,006**	**839,905**
TOTAL EQUITY AND LIABILITIES		**3,037,549**	**2,915,897**	**2,602,708**	**2,379,300**	**2,480,488**	**2,204,244**

Dr. Mohammed Hassan Koguna
Chairman
30 July 2013
FRC/2013/CIIN/00000003090

Sule Umar Bichi
Managing Director
30 July 2013
FRC/2013/ICAN/00000003079

Vincent Ihemenwa
Chief Financial Officer
30 July 2013
FRC/2013/ICAN/00000003087

The Group

	Issued Capital ₦'000	Share Premium ₦'000	Retained Earnings ₦'000	Total ₦'000
As at 1 April 2012	**294,748**	**296,433**	**1,080,731**	**1,671,912**
Profit for the year	-	-	304,525	304,525
Other comprehensive income:				
- Actuarial loss on defined benefit plan	-	-	(78,214)	(78,214)
Dividend	-	-	(176,849)	(176,849)
As at 31 March 2013	**294,748**	**296,433**	**1,130,193**	**1,721,374**

Consolidated statement of changes in equity for the year ended 31 March 2012

	Issued Capital ₦'000	Share Premium ₦'000	Retained Earnings ₦'000	Total ₦'000
As at 1 April 2011	**294,748**	**296,433**	**969,054**	**1,560,235**
Profit for the year	-	-	304,792	304,792
Other comprehensive income:				
- Loss on available for sales instrument	-	-	(296)	(296)
- Actuarial loss on defined benefit plan	-	-	(15,970)	(15,970)
Dividend	-	-	(176,849)	(176,849)
As at 31 March 2012	**294,748**	**296,433**	**1,080,731**	**1,671,912**

The Company

	Issued Capital ₦'000	Share Premium ₦'000	Retained Earnings ₦'000	Total ₦'000
As at 1 April 2012	**294,748**	**296,433**	**832,301**	**1,423,482**
Profit for the year	-	-	246,720	246,720
Other comprehensive income:				
Actuarial gain on defined benefit plan	-	-	(78,214)	(78,214)
Dividend	-	-	(176,849)	(176,849)
As at 31 March 2013	**294,748**	**296,433**	**823,958**	**1,415,139**

Consolidated statement of changes in equity for the year ended 31 March 2012

	Issued Capital ₦'000	Share Premium ₦'000	Retained Earnings ₦'000	Total ₦'000
As at 1 April 2011	**294,748**	**296,433**	**773,158**	**1,364,339**
Profit for the year	-	-	252,258	252,258
Other comprehensive income:				
Loss on available for sales instrument	-	-	(296)	(296)
Actuarial gain on defined benefit plan	-	-	(15,970)	(15,970)
Dividend declared	-	-	(176,849)	(176,849)
As at 31 March 2012	**294,748**	**296,433**	**832,301**	**1,423,482**

	Note	The Group 2013 ₦'000	The Group 2012 ₦'000	The Company 2013 ₦'000	The Company 2012 ₦'000
CASHFLOW FROM OPERATING ACTIVITIES					
Cash received from customers		5,401,864	4,906,221	3,590,303	3,406,800
Cash paid to suppliers and employees		(4,692,442)	(4,097,127)	(3,243,762)	(2,878,045)
Input/(output) VAT		(143,638)	(145,069)	(117,812)	(118,812)
Withholding tax credit utilized	9.2	(135,005)	(85,732)	(94,374)	(52,069)
Tax paid	9.2	(97,506)	(51,926)	(55,190)	(8,341)
Net cash provided by operating activities	26	**333,273**	**526,367**	**79,165**	**349,533**
CASHFLOW FROM INVESTING ACTIVITIES					
Purchase of fixed assets	11	(303,924)	(132,484)	(109,474)	(71,045)
Purchase of intangible assets	12	(13,500)	-	(13,500)	-
Proceeds from sale of fixed assets		6,602	7,725	6,602	1,089
Purchase of investment property		-	(16,871)	-	-
Interest received	7	16,627	5,771	15,629	5,771
Dividend received		-	-	75,277	71,554
Net cash outflow from investing activities		**(294,195)**	**(135,859)**	**(25,466)**	**7,369**
CASHFLOW FROM FINANCING ACTIVITIES					
Dividend paid		(142,090)	(155,828)	(142,090)	(155,828)
Term loan		114,512	-	-	-
Net cash outflow from financing activities		**(27,578)**	**(155,828)**	**(142,090)**	**(155,828)**
Net increase/ (decrease) in cash and cash equivalents		**11,500**	**234,680**	**(88,391)**	**201,074**
Cash and cash equivalents at the beginning of the year		**504,088**	**269,408**	**438,051**	**236,977**
Cash and cash equivalents at the end of the year		**515,588**	**504,088**	**349,660**	**438,051**

1 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 Barbura Insurance Brokers Limited and 86% 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 company is principally engaged in the provision of courier services, mail management services, freight services, logistics, ware housing 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), 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.

These are Red Star Express Plc's first financial statements prepared in accordance with IFRS and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied. Subject to certain transition elections disclosed in Note 2.2, Red Star Express Plc has consistently applied the same accounting policies in its opening IFRS statement of financial position at 1 April 2011 (date of transition) and throughout all periods presented, as if these policies had always been in effect. Note 2.2 disclose the impact of the transition to IFRS on Red Star Express Plc reported financial position, statement of comprehensive income and cash flows.

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 company 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 Company. Such changes are reflected in the assumptions when they occur.

Material estimates in the financial statements include the following:

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.

2.2. Summary of significant accounting policies - continued

Property, plant and equipment
Land and Building held for use in the rendering of services or for administration purposes are stated in the Statement of Financial Position at their deemed costs being the fair value at the date of transition less any subsequent accumulated depreciation and subsequent accumulated impairment loss.

Intangible assets
Externally acquired intangible assets that have indefinite useful lives are initially recognized at cost and are subsequently tested for impairment at each financial year end and stated at their recoverable amount. The impairment loss where the carrying amount is greater than the recoverable amount is charged to the Income Statement.

Intangible asset with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight line basis over the estimated useful life. The estimated useful life and amortization are reviewed at the end of each reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

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, which have been made using careful judgment. Actual results could differ materially from those estimates.

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

2.2.1 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on tangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Intangible assets include computer software and software licences.

Purchased software and software licences 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.

Computer software primarily comprises external costs and other directly attributable costs.

2.2.2 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.

2.2. Summary of significant accounting policies - continued

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 on a straight-line basis over the estimated useful lives of the assets and begins when the assets are available for use.

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if 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. Impairment losses for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

Assets on lease
Finance leases are recognized at amount equal to the fair value of the leased property or if lower the present value of the minimum lease property, each determined at the inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease terms so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Asset category	**Useful lives**
Building	40 years
Improvement on building	Remaining depreciable life
Plants and Machinery	3 - 10years
Trucks and Trailers	3 - 6years
Trailers	4 - 8years
Motor Vehicles	2 -4years
Motor cycles	3 years
Furniture, Fittings and Equipment	3 - 5years

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

Plants & Machinery

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

2.2. Summary of significant accounting policies - continued

Building

Freehold Buildings to be depreciated for a period of 40 years (2.5%)

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

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 4-8years i.e. 4 years for fairly used Trailers and 8 years for brand new ones.

MV4 to be depreciated in 2-4years i.e. 2years for used MV4 (Tokunbo) and 4years 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 income statement in the year the asset is derecognised.

2.2.3 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.

2.2.4 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.

2.2. Summary of significant accounting policies - continued

2.2.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

The cost of finished goods comprises suppliers' invoice prices and, where appropriate, freight, printing costs and other charges incurred to bring the materials to their location and condition. First-In-First-Out (FIFO) is the stock valuation method being used.

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.

2.2.6 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 company's financial assets include cash, trade and other receivables.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method.

Derecognition of financial assets

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

a) The rights to receive cash flows from the asset have expired or
b) The Company 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 Company has transferred substantially all the risks and rewards of the asset or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company's continuing involvement in the asset.

2.2. Summary of significant accounting policies - continued

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or company of financial assets is impaired. A financial asset or a company 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 company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a company 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 Company 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 Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a company 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.

- **Financial liabilities**

Financial liabilities are classified as financial liabilities at fair value through profit or loss, or at amortised cost.

The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised 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.

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 derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as 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 income statement.

2.2. Summary of significant accounting policies - continued

2.2.7 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.

2.2.8 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 income statement.

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 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 realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax 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.

2.2. Summary of significant accounting policies - continued

2.2.9 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.2.10 Borrowing Costs

Specific borrowing costs on qualifying assets 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.

Where the entity does not specifically borrow funds to construct a qualifying assets, general borrowing costs are capitalized by applying the weighted average cost of the borrowing cost proportionate to the expenditure on the asset.

2.2.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company 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, ware housing and general haulage to customers is recognised as soon as the recipient of the services has signed off that such services has been rendered.

Interest income
For all financial instruments measured at amortised cost and interest bearing financial assets classified as available-for-sale, 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 finance income in the income statement.

Dividends

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

2.2.12 Foreign currency

The company'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.

2.2. Summary of significant accounting policies - continued

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).

2.2.13 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 is of the opinion that a strategic business unit is important to the growth initiative of the company such SBU may be reported as a reportable segment even though it is not meeting the threshold of a reportable segment.

2.2.14 Employees' benefits

All employees' benefits both legal and constructive in the short and long term (including termination, gratuity and pensions) are adequately recognized in the income statement.

The company operates a defined contribution pension scheme in line with the Pension Reform Act 2004. The employees and the company each contribute 7.5% of basic salary, housing and transport allowances. The company's contributions are accrued and charged to the income statement as and when the relevant service is provided by employees. The company has no further payment obligations once the contributions have been paid.

The company 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 amount for every month are remitted or accrued for and charged to the income statement.

Executive directors are entitled to a defined contribution plan (pension) in accordance with pension reform act 2004 and employee's gratuity benefits in accordance with the company's policy. But non-executive directors are not entitled to any form of pension or post employment benefits.

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, together with adjustments for unrecognised actuarial gains or losses and past service costs. The gratuity obligation is calculated annually by independent actuaries using the projected unit credit method. The gratuity is derecognize upon the discharge of the obligation by the Company to a qualifying staff.

2.2.15 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.

2.2. Summary of significant accounting policies - continued

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

2.2.16 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Red Star Express Plc and its subsidiaries as at 31 March 2013.

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. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises both assets and liabilities of the subsidiary and the related non-controlling interest.

2.3. Standards issued but not yet effective

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

IAS 1 Presentation of Items of Other Comprehensive Income (OCI) - Amendments to IAS 1
The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Company's first annual report after becoming effective.

IAS 19 Employee Benefits (Revised)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes like removing the corridor mechanism and the concept of expected returns on plan assets, to simple clarifications and rewording. The company is currently assessing the full impact of the remaining amendments. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 27 Separate Financial Statements (as revised in 2011)
As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013. The company is still in the process of assessing the possible impact.

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

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Company's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

2.3. Standards issued but not yet effective - continued

IFRS 1 Government Loans - Amendments to IFRS 1
These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013. The amendment has no impact on the Company.

IFRS 7 Disclosures - *Offsetting Financial Assets and Financial Liabilities*
The amendment requires additional disclosures about rights of set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on the Company's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments:

Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set off in accordance with IAS 32. The standard is effective for annual periods beginning on or after 1 January 2013.

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

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

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013. The company is still in the process of assessing the possible impact.

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

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

2.3. Standards issued but not yet effective - continued

A number of new disclosures are also required; IFRS 12 is effective in annual period beginning on or after 1 January 2013. The company is still in the process of assessing the possible impact.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted.

The company is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IAS 12 Income Taxes
The amendments to IAS 12 provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40; Investment Property. The amendment introduces a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. This standard is applicable for annual periods beginning on or after 1 January 2013, with early adoption permitted. This is not applicable to the Company.

IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine
This new interpretation provides guidance on how to account for stripping cost in the development phase of a surface mine. Effective 1 January 2013. This would not be applicable to the Company.

2.4. First-time adoption of IFRS

These financial statements, for the year ended 31 March 2013, are the first that Red Star Express Plc has prepared in accordance with IFRS. For periods up to and including the year ended 31 March 2013, Red Star Express Plc prepared its financial statements in accordance with Nigeria generally accepted accounting practice (Local GAAP).

Accordingly, the company has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 March 2013, together with the comparative period data as at and for the year ended 31 March 2012, as described in the accounting policies. In preparing these financial statements, Red Star Express Plc's opening statement of financial position was prepared as at 1 April 2011, Red Star Express Plc's date of transition to IFRS. This note explains the principal adjustments made by Red Star Express Plc in restating its Local GAAP statement of financial position as at 1 April 2011 and its previously published Local GAAP financial statements as at and for the year ended 31 March 2012.

Fair value as deemed cost
Land and freehold building were carried in the statement of financial position prepared in accordance with local GAAP as at 31 March 2011 at cost less accumulated depreciation. At the date of transition to IFRS, the assets were carried at cost less accumulated depreciation and the Company has elected to regard those values as deemed cost at the date of transition.

Estimates

- The estimates at 1 April 2011 and at 31 March 2012 are consistent with those made for the same dates in accordance with Local GAAP (after adjustments to reflect any differences in accounting policies).

- The estimates used by the Company to present this amount in accordance with IFRS reflect conditions at 1 April 2011, the date of transition to IFRS and as of 31 March 2012.

Reconciliation of statement of financial position as at transition date - The Group:

	Note	Nigerian GAAP ₦'000	IFRS Transition Adjustment ₦'000	31/03/2012 IFRS ₦'000
Non-current assets				
Property, plant & equipment	A	674,198	-	674,198
Intangible assets	B	13,121	-	13,121
Long term prepayment	C	15,532	-	15,532
Long term investment	D	633	-	633
Deferred income tax assets		-	12,270	12,270
Employee benefit assets	E	-	56,940	56,940
Deposit for shares		-	1,500	1,500
Total non-current assets		**703,484**	**70,710**	**774,194**
Current assets				
Inventories		50,435	-	50,435
Trade debtors		1,351,472	-	1,351,472
Other debtors and prepayment	C	238,345	(2,637)	235,708
Due from related company		-	-	-
Cash and cash equivalents		504,551	(463)	504,088
Total current assets		2,144,803	(3,100)	2,141,703
Total Assets		2,848,287	67,610	2,915,897
		========	=======	========
Equity				
Share capital		294,748	-	294,748
Share premium		296,433	-	296,433
Retained earnings		1,012,124	68,607	1,080,731
Total equity		1,603,305	68,607	1,671,912
Liabilities				
Non-current liabilities				
Deferred taxation		24,995	12,268	37,263
Term loan		-	-	-
Employee benefit liabilities		49,482	(49,482)	-
Non-Current Liabilities		74,477	(37,214)	37,263
Current liabilities				
Trade creditors		175,196	-	175,196
Other creditors and accruals	E	682,796	36,217	719,013
Due to related companies			-	-
Taxation		312,513	-	312,513
Total current liabilities		1,170,505	36,217	1,206,722
Total liabilities		1,244,982	(997)	1,243,985
TOTAL EQUITY AND LIABILITIES		**2,848,287**	**67,610**	**2,915,897**
		==== ====	=======	== ======

Reconciliation of statement of financial position as at transition date - The Group:

	Note	Nigerian GAAP ₦'000	IFRS Transition Adjustment ₦'000	01/04/2011 IFRS ₦'000
Non-current assets				
Property, plant & equipment	A	731,086	-	731,086
Intangible assets	B	8,132	-	8,132
Long term prepayment	C	16,845	-	16,845
Long term investment	D	929	-	929
Deferred income tax assets		-	-	-
Employee benefit assets	E	-	63,231	63,231
Deposit for shares		-	1,500	1,500
Total non-current assets		756,992	64,731	821,723
Current assets				
Inventories		46,148	-	46,148
Trade debtors		1,204,359	-	1,204,359
Other debtors and prepayment	C	261,070	-	261,070
Due from related company		-	-	
Cash and cash equivalents		345,624	(76,216)	269,408
Total current assets		1,857,201	(76,216)	1,780,985
Total Assets		2,614,193	(11,485)	2,602,708
		=========	========	=========
Equity				
Share capital		294,748	-	294,748
Share premium		296,433	-	296,433
Retained earnings		847,762	121,292	969,054
Total equity		1,438,943	121,292	1,560,235
Liabilities				
Non-current liabilities				
Deferred taxation		55,428	-	55,428
Term loan		-	-	-
Employee benefit liabilities		109,873	(109,873)	-
Non-Current Liabilities		165,301	(109,873)	55,428
Current liabilities				
Trade creditors		161,563	-	161,563
Other creditors and accruals	E	610,634	(22,904)	587,730
Due to related companies			-	-
Taxation		237,752	-	237,752
Total current liabilities		1,009,949	(22,904)	987,045
Total liabilities		1,175,250	(132,777)	1,042,473
TOTAL EQUITY AND LIABILITIES		**2,614,193**	**(11,485)**	**2,602,708**
		=========	========	=========

Reconciliation of statement of financial position as at transition date:

	Note	Local GAAP ₦'000	IFRS Transition Adjustments ₦'000	01/04/2011 IFRS ₦'000
ASSETS				
Non-current assets				
Property, plant & equipment	A	491,049	(8,132)	482,917
Intangible assets	B	-	8,132	8,132
Long term prepayment	C	-	16,845	16,845
Long term investment	D	209,433	(1,500)	207,933
Employee benefit assets	E	-	63,231	63,231
Deposit for shares		-	1,500	1,500
Total non-current assets		**700,482**	**80,076**	**780,558**
Current assets				
Inventories		44,577	-	44,577
Trade debtors		931,670	-	931,670
Other debtors and prepayment	c	227,307	(16,845)	210,462
Due from related company	E	188,923	(188,923)	-
Cash and cash equivalents		236,977	-	236,977
Total current assets		1,629,454	(205,768)	1,423,686
Total Assets		2,329,936	(125,692)	2,204,244
		=========	========	=========
Equity				
Share capital		294,748	-	294,748
Share premium		296,433	-	296,433
Retained earnings	E	653,355	119,803	835,153
Total equity		**1,244,536**	**119,803**	**1,426,334**
Non-current liabilities				
Employee benefit liabilities	E	269,299	(269,299)	-
Deferred taxation		13,727	-	13,727
Non-Current Liabilities		283,026	(269,299)	13,727
Current liabilities				
Trade creditors		156,894	-	156,894
Other creditors and accruals		433,189	23,804	456,993
Due to related companies		128,373	-	128,373
Taxation		83,918	-	83,918
Total current liabilities		**802,374**	**23,804**	**826,178**
Total liabilities		**1,085,400**	**(245,495)**	**839,905**
TOTAL EQUITY AND LIABILITIES		**2,329,936**	**(125,692)**	**2,204,244**
		=========	========	=========

Reconciliation of statement of financial position as at transition date

	Note	Nigerian GAAP ₦'000	IFRS Transition Adjustment ₦'000	31/03/2012 IFRS ₦'000
Non-current assets				
Property, plant & equipment	A	443,195	6,058	449,253
Intangible assets	B	-	13,121	13,121
Long term prepayment	C	-	15,532	15,532
Long term investment	D	207,933	(296)	207,637
Deferred income tax assets		12,270	-	12,270
Employee benefit assets	E	-	56,940	56,940
Deposit for shares		1,500	-	1,500
Total non-current assets		**664,898**	**91,355**	**756,253**
Current assets				
Inventories		48,563	-	48,563
Trade debtors		1,018,253	-	1,018,253
Other debtors and prepayment	C	191,935	(15,107)	176,828
Due from related company	E	263,133	(220,593)	42,540
Cash and cash equivalents		438,051	-	438,051
Total current assets		**1,959,935**	**(235,700)**	**1,724,235**
Total Assets		**2,624,833**	**(144,345)**	**2,541,609**
		=========	=========	=========
Equity				
Share capital		294,748	-	294,748
Share premium		296,433	-	296,433
Retained earnings	E	738,275	94,026	832,301
Total equity		**1,329,456**	**94,026**	**1,423,482**
Non-current liabilities				
Employee benefit liabilities	E	262,303	(262,303)	-
Non-Current Liabilities		262,303	(262,303)	-
Current liabilities				
Trade creditors		169,519	-	169,519
Other creditors and accruals	C	564,558	23,932	588,490
Due to related companies		127,627	-	127,627
Taxation		171,370	-	171,370
Total current liabilities		**1,033,074**	**23,932**	**1,057,006**
Total liabilities		**1,295,377**	**(238,371)**	**1,057,006**
TOTAL EQUITY AND LIABILITIES		**2,624,833**	**(144,345)**	**2,480,488**
		=========	==========	=========

Reconciliation of Total comprehensive Income for the year ended 31 March 2012 - The Group:

	Note	Local GAAP 3/31/2012 ₦'000	IFRS Adj ₦'000	IFRS 3/31/2012 ₦'000
Continuing operations				
Revenue		5,029,598	-	5,029,598
Cost of Sales	H	(3,380,067)	(43,219)	(3,423,286)
GROSS PROFIT		1,649,531	(43,219)	1,606,312
Other operating income		44,512	(20,776)	23,736
Administrative expenses		(671,683)	(10,530)	(682,213)
Employee benefits		(285,489)	375	(285,114)
Depreciation		(81,760)	37,123	(44,637)
Amortisation of intangible assets		(5,921)	-	(5,921)
Total operating expenses		(1,000,341)	6,192	(994,149)
Finance income		5,771	-	5,771
PROFIT BEFORE TAX		654,962	(37,028)	617,934
TAXATION		(313,170)	28	(313,142)
PROFIT AFTER TAXATION		341,792	(37,000)	304,792
Other comprehensive income				
Loss on quoted investment		-	(296)	(296)
Actuarial gain on valuation of employee benefits		-	(15,970)	(15,970)
Income tax effect		-	4,880	4,880
Other comprehensive income for the year, net of tax		-	(11,386)	(11,386)
Total comprehensive income for the year, net of tax		341,792	(48,386)	293,406
Profit attributable to equity holders		341,792	(37,000)	304,792
Total comprehensive income attributable to equity holders		341,792	(48,386)	293,406
Earnings per share				
Basic, profit for the year attributable to ordinary equity holders		0.58		0.52

Reconciliation of Total comprehensive Income for the year ended 31 March 2012

	Note	Local GAAP 31/03/2012	IFRS Adjustment	IFRS 31/03/2012
Continuing operations		₦'000	₦'000	₦'000
Revenue		3,471,182	-	3,471,182
Cost of Sales	F	(2,271,852)	(91)	(2,271,943)
GROSS PROFIT		1,199,330		1,199,239
Other operating income		93,755	-	93,755
Administrative expenses	G	(747,360)	185,637	(561,723)
Employee benefits		-	(186,189)	(186,189)
Depreciation		-	(39,604)	(39,604)
Amortization of intangible assets	A	-	(5,921)	(5,921)
Total operating expenses		**(653,605)**	**(46,077)**	**(699,682)**
Finance income		5,771		5,771
Finance cost		(18,181)	18,181	-
PROFIT BEFORE TAX		**533,315**	**-**	**505,328**
TAXATION		(253,070)	-	(253,070)
PROFIT AFTER TAXATION		**280,245**		**252,258**
Other comprehensive income				
Loss on available for sale instrument		-	(296)	(296)
Actuarial loss on valuation of employee benefits	I	-	(15,970)	(15,970)
Income tax effect		-	4,880	4,880
Other comprehensive income for the year, net of tax		**-**		**(11,386)**
Total comprehensive income for the year, net of tax		**280,245**		**240,872**
Profit attributable to ordinary equity holders		**280,245**		**252,258**
		========		========
Earnings per share				
Basic, profit for the year attributable to ordinary equity holders		0.44		0.43
Diluted, profit for the year attributable to ordinary equity holders		-		-

3.4 Notes to the Reconciliations

A. Property, plant and equipment

The company has elected to retain items of property, plant and equipment at cost at the date of transition to IFRS. At the date of transition to IFRS, certain a policy change was recognised in property, plant and equipment.

- **Land and Buildings**
  Under IFRS and in accordance with the requirements of IAS 16, land is recognized and measured separately from building and is not depreciated. The company has applied this provision. Land and buildings are now separately recognized. At the date of transition the Company elected to measure land using carrying amount as deemed cost. Improvement on buildings is recognized as part of buildings being amount incurred to enhance the capacity of the asset to continue to generate economic benefits to the entity.

- **Plant & Machinery**
  Plant & machinery have been componentized to comprise only of high capacity generators, automatic fire suppressor, PABX System and Tally 6218 Network Printer.

- **Motor Vehicles**
  Motor vehicles have been componentized in accordance with the requirements of IAS 16; motor cycles are now recognized separately.

- **Computer & Other IT Equipment**
  Computer equipments, office equipments and other IT equipment have been properly componentized and separated from furniture and fittings.

- **Furniture & Fittings**
  Furniture & fittings have been componentized in accordance with the requirements of IAS 16.

B. Intangible asset

In line with the requirements of IAS38, intangible included as part of property, plant and equipment in previous years have been properly reclassified to intangible assets.

C. Long Term Prepayments

At the date of transition to IFRS, Prepayments lasting more than 12 months after the reporting period are recognized separately as long term prepayments under non-current assets.

D. Long term investments

Long term investments, comprising of quoted and unquoted equity securities have been reclassified as;

a. Available for sale financial instruments, and
b. Investments in the subsidiaries.

The Investments in subsidiaries are 100% owned.

E. Employee Benefits

At the date of transition, there were actuarial valuation differences between the present value of funded obligation and fair value of plan assets of the gratuity scheme.

F. General Reserve

At the date of transition to IFRS, the expenses arising from the actuarial valuation of defined benefits has been adjusted in the reserves.

G. Administrative Expenses

Personnel cost, pension and gratuity, depreciation and amortisation, effect of change in estimated useful life of PPE were either reclassified from or adjusted for in administrative cost. This was also required for proper disclosure.

		The Group		The Company	
		2013	2012	2013	2012
		₦ '000	₦ '000	₦ '000	₦ '000
4	**Revenue**				
	Analysis by product				
	Courier	3,488,531	3,471,182	3,488,531	3,471,182
	Logistics	751,023	625,286	-	-
	Freight	189,881	168,040	-	-
	Support services	864,378	765,090	-	-
		5,293,813	**5,029,598**	**3,488,531**	**3,471,182**
		=========	========	=========	=========
5	**Other operating income**				
	Bad debt recovered	65	-	-	-
	Dividend from subsidiaries	-	-	75,277	71,554
	Exchange gain	1,788	1,840	1,788	1,840
	Insurance claim	-	3,601	-	3,601
	Other sundry income	6,835	117	6,836	117
	Profit on disposals of fixed assets	4,301	-	4,301	-
	Provision no longer required	-	8,692	-	16,643
	Rent	28,740	9,486	-	-
		41,729	**23,736**	**88,202**	**93,755**
		========	=======	========	========
6	**Administrative expenses**				
	Annual general meeting expenses	8,136	12,308	4,328	5,618
	Audit fee	11,700	12,955	9,000	10,255
	Bad debts written off/provisions for doubtful debts	116,681	76,730	85,010	50,091
	Bank charges	30,057	24,097	15,779	18,181
	Communication and telephone	52,322	84,518	48,146	79,103
	Fixed assets written off	-	12,200	-	12,200
	Hotel accommodation and entertainment	28,406	25,881	24,311	23,241
	Insurance	7,508	7,954	3,945	4,449
	Legal and professional charges	72,660	39,755	60,617	30,845
	Loss on disposal of fixed assets	-	962	-	45
	Medical	28,655	26,012	12,915	13,632
	Newspaper and periodicals	1,540	1,226	971	1,194
	Office protection services	37,292	29,284	26,669	18,565
	Power and water	89,065	72,106	87,438	69,929
	Printing and stationery	80,103	68,315	66,685	64,713
	Publicity and promotion	32,970	42,420	25,548	31,501
	Repairs and maintenance	69,910	64,563	59,417	56,808
	Subscriptions and donations	23,788	16,623	20,734	16,173
	Training	4,932	5,172	3,965	4,757
	Transportation and travelling costs	55,278	59,132	45,361	50,423
		751,003	**682,213**	**600,934**	**561,723**
		=======	=======	=======	=======

		The Group		The Company	
		2013	2012	2013	2012
		₦ '000	₦ '000	₦ '000	₦ '000
7	**Finance income**				
	Interest received from fixed deposit	16,627	5,771	15,629	5,771
		======	=====	======	=====
8	**Profit before taxation**				
	Depreciation	149,218	170,639	85,494	112,389
	Amortization of intangible assets	7,793	5,921	7,793	5,921
	Audit fee	11,700	12,955	9,000	10,255
	Profit on disposal of fixed assets	4,301	-	4,301	-
	Directors emoluments	28,748	18,614	28,748	18,614
	Exchange gain	1,788	1,840	1,788	1,840
	Dividend received	-	-	75,277	71,554
	Provision for staff pension	103,231	88,888	47,315	48,849
		=======	======	======	======

		The Group			The Company		
		2013	2012	1 April 2011	2013	2012	1 April 2011
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
9	**Taxation**						
9.1	**Statement of Comprehensive Income**						
	Income taxation	139,129	195,843	133,546	89,680	136,946	57,746
	Education tax	14,089	16,528	12,604	8,324	10,915	5,638
	Withholding tax	-	131,206	-	-	131,206	-
		153,218	**343,577**	**146,150**	**98,004**	**279,067**	**63,384**
Deferred taxation (Note 15)							
Charge for the year		124,480	-	-	52,813	-	-
Write back for the year		(37,262)	(30,435)	(68,443)	-	(25,997)	(73,900)
		240,436	**313,142**	**77,707**	**150,817**	**253,070**	**(10,516)**
		=======	=======	=======	=======	=======	=======
9.2	**Statement of Financial Position**						
At the beginning of the year		312,513	237,752	299,171	171,370	83,918	137,685
Current year tax provision		153,218	212,419	146,150	98,004	147,862	63,384
Payment during the year		(97,506)	(51,926)	(104,224)	(55,190)	(8,341)	(13,806)
Withholding tax credit utilized		(135,005)	(85,732)	(103,345)	(94,374)	(52,069)	(103,345)
		233,220	**312,513**	**237,752**	**119,810**	**171,370**	**83,918**
		=======	=======	=======	=======	=======	=======

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.

	2013 ₦'000	2012 ₦'000	2013 ₦'000	2012 ₦'000
Profit attributable to ordinary equity holders	304,525	304,792	246,720	252,258
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	₦0.52	₦0.52	₦0.42	₦0.43

The Group - 31 March 2013

11. Property, plant and equipment

	Leasehold Land ₦'000	Building ₦'000	Plant & Machinery ₦'000	Motor Vehicles ₦'000	Motor Cycle ₦'000	Computer & Other IT Equipment ₦'000	Furniture & Fittings ₦'000	Capital-work-in-progress ₦'000	Total ₦'000
COSTS									
At 1 April 2012	74,647	337,839	32,005	237,397	154,883	82,677	34,799	6,591	960,838
Addition	-	4,641	35,935	49,629	19,080	33,717	4,590	156,332	303,924
Reclassifications	-	200	-	72,329	11,421	-	590	(84,540)	-
Disposals	-	(12)	(2,317)	(39,240)	(3,760)	-	(703)	-	(46,032)
At 31 March 2013	**74,647**	**342,668**	**65,623**	**320,115**	**181,643**	**116,394**	**39,276**	**78,383**	**1,218,730**
DEPRECIATION									
At 1 April 2012	-	10,141	6,477	119,180	100,846	37,824	12,172	-	286,640
Charge for the year	-	8,595	5,954	57,123	41,734	27,104	8,708	-	149,218
Disposal	-	(12)	(1,514)	(37,742)	(3,760)	-	(703)	-	(43,731)
At 31 March 2013	-	**18,724**	**10,917**	**138,561**	**138,820**	**64,928**	**20,177**	-	**392,127**
Net Book Value									
At 31 March 2013	**74,647**	**323,944**	**54,706**	**181,554**	**42,804**	**51,466**	**19,099**	**78,383**	**826,603**
	======	=======	======	======	======	======	======	======	======
At 31 March 2012	**74,647**	**327,698**	**25,528**	**118,217**	**54,037**	**44,853**	**22,627**	**6,591**	**674,198**
	======	=======	======	======	======	======	======	======	======

The Group - 31 March 2013

11. Property, plant and equipment - Continued

	Leasehold Land ₦'000	Building ₦'000	Plant & Machinery ₦'000	Motor Vehicles ₦'000	Motor Cycle ₦'000	Computer & Other IT Equipment ₦'000	Furniture & Fittings ₦'000	Capital-work-in progress ₦'000	Total ₦'000
COSTS									
At 1 April 2011	83,262	326,839	28,639	191,743	136,006	60,117	21,618	11,961	860,185
Additions	-	10,240	3,366	59,497	19,887	20,852	5,883	12,759	132,483
Reclassification	3,585	986	-	-	3,600	2,386	7,572	(18,129)	-
Disposal	-	(226)	-	(13,843)	(4,610)	(678)	(274)	-	(19,630)
Fixed assets written-off	(12,200)	-	-	-	-	-	-	-	(12,200)
At 31 March 2012	**74,647**	**337,839**	**32,005**	**237,397**	**154,883**	**82,677**	**34,799**	**6,591**	**960,838**
								======	
DEPRECIATION									
At 1 April 2011	-	1,443	-	38,242	68,731	15,813	4,870	-	129,099
Charge for the year	-	8,698	6,477	92,047	38,398	23,363	7,577	-	176,560
Disposal	-	-	-	(4,400)	(5,670)	(999)	(275)	-	(11,344)
Adjustments	-	-	-	(6,709)	(613)	(353)	-	-	(7,675)
At 31 March 2012	-	**10,141**	**6,477**	**119,180**	**100,846**	**37,824**	**12,172**	-	**286,640**
Net Book Value									
At 31 Mar 2012	**74,647**	**327,698**	**25,528**	**118,217**	**54,037**	**44,853**	**22,631**	-	**674,198**
	=======	=======	=======	=======	=======	=======	=======	=======	=======
At 31 March 2011	**83,262**	**325,396**	**28,639**	**153,501**	**67,275**	**44,304**	**16,748**	-	**731,086**
	=======	=======	=======	=======	=======	=======	=======	=======	=======

The assets written-off relates to the cost of land in Gwarinpa, Abuja which the certificate of occupancy was revoked by the Federal Government of Nigeria.

The Company - 31 March 2013

11. Property, plant and equipment

	Leasehold Land ₦'000	Building ₦'000	Plant & Machinery ₦'000	Motor Vehicles ₦'000	Motor Cycle ₦'000	Computer & Other IT Equipment ₦'000	Furniture & Fittings ₦'000	Total ₦'000
COSTS								
At 1 April 2012	74,647	225,361	32,005	145,215	34,525	76,121	20,575	608,449
Additions		3,914	27,561	31,659	10,420	33,352	2,568	109,474
Disposals	-	(12)	(2,317)	(39,240)	(3,760)	-	(703)	(46,032)
At 31 March 2013	**74,647**	**229,263**	**57,249**	**137,634**	**41,185**	**109,473**	**22,440**	**671,891**
DEPRECIATION								
At 1 April 2012	-	7,292	6,477	78,466	23,157	34,390	9,414	159,196
Charge for the year		5,771	5,465	33,766	8,947	26,368	5,177	85,494
Disposals	-	(12)	(1,514)	(37,742)	(3,760)	-	(703)	(43,731)
At 31 March 2013	-	**13,051**	**10,428**	**74,490**	**28,344**	**60,758**	**13,888**	**200,959**
Net Book Value								
At 31 March 2013	**74,647**	**216,212**	**46,821**	**63,144**	**12,841**	**48,715**	**8,552**	**470,932**
	=======	=======	=======	=======	=======	=======	=======	=======
At 31 March 2012	**74,647**	**218,069**	**25,528**	**66,749**	**11,368**	**41,731**	**11,161**	**449,253**
	=======	=======	=======	=======	=======	=======	=======	=======

The Company 31 March 2012

11. Property, plant and equipment - Continued

	Leasehold Land ₦'000	Building ₦'000	Plant & Machinery ₦'000	Motor Vehicles ₦'000	Motor Cycle ₦'000	Computer & Other IT Equipment ₦'000	Furniture & Fittings ₦'000	Capital-work-in-progress ₦'000	Total ₦'000
COSTS									
At 1 April 2011	83,262	218,389	28,639	117,058	35,469	55,300	19,690	4,792	562,599
Additions	-	5,987	3,366	34,449	66	18,735	2,275	6,167	71,045
Reclassification	3,585	985	-	-	3,599	2,790	-	(10,959)	-
Disposal	-	-	-	(6,292)	(4,609)	(704)	(1,390)	-	(12,995)
Fixed assets Written-off	(12,200)						-		(12,200)
At 31 March 2012	**74,647**	**225,361**	**32,005**	**145,215**	**34,525**	**76,121**	**20,575**	**-**	**608,449**
DEPRECIATION									
At 1 April 2011	-	1,443	-	36,672	22,809	14,558	4,200	-	79,682
Charge for the year	-	5,849	6,477	46,194	6,618	20,835	5,487	-	91,460
Disposal	-	-	-	(4,400)	(5,670)	(594)	(273)	-	(10,937)
Adjustments	.	-	-	-	(600)	(410)	-	-	(1,010)
At 31 March 2012	**.**	**7,292**	**6,477**	**78,466**	**23,157**	**34,389**	**9,414**	**-**	**159,195**
Net Book Value									
At 31 March 2012	**74,647**	**218,069**	**25,528**	**66,749**	**11,368**	**41,732**	**11,161**	**-**	**449,253**
	======	=======	======	======	======	======	======	======	=======
At 31 March 2011	**83,262**	**216,946**	**28,639**	**80,386**	**12,660**	**40,742**	**15,490**	**-**	**482,917**
	======	=======	======	======	======	======	======	======	=======

12. Intangible assets

Cost:	**₦'000**
At 1 April 2012	19,042
Additions - externally acquired	13,500
At 31 March 2013	**32,542**
Amortization:	
At 1 April 2012	5,921
Amortization charge for the year	7,793
At 31 March 2013	**13,714**
Net Book Value:	
At 31 March 2013	**18,828**
At 31 March 2012	**13,121**
	======
At 1 April 2011	**8,132**
	======

The company's intangible asset represents N32.5 million investments on computer software. This is to be amortised to income statement 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 2013.

		The Group			**The Company**	
	2013	**2012**	**1 April 2011**	**2013**	**2012**	**1 April 2011**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
13 Long term rent						
Prepayment At 1 April,	15,532	16,845	16,845	15,532	16,845	16,845
Amortised during the year	(10,694)	(1,313)	-	(10,694)	(1,313)	-
	4,838	15,532	16,845	4,838	15,532	16,845
	======	======	======	======	======	======

		The Group			The Company		
				1 April			1 April
		2013	2012	2011	2013	2012	2011
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
14	**Long term investment**						
	Quoted investment:						
	Nemeith International Pharmaceuticals Plc	2,057	2,057	2,057	2,057	2,057	2,057
	Impairment loss	(1,424)	(1,424)	(1,128)	(1,424)	(1,424)	(1,128)
		633	633	929	633	633	929
	Investment in subsidiaries measured at costs:						
	Investment in Red Star Freight Limited	-	-	-	10,000	10,000	10,000
	Investment in Red Star Support Services Limited	-	-	-	49,065	49,065	49,065
	Investment in Red Star Logistics Limited	-	-	-	147,939	147,939	147,939
		-	-	-	207,004	207,004	207,004
		633	**633**	**929**	**207,637**	**207,637**	**207,933**

Red Star Express Plc has a 100% 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		
		2013 ₦'000	2012 ₦'000	1 April 2011 ₦'000	2013 ₦'000	2012 ₦'000	1 April 2011 ₦'000
15	**Deferred taxation**						
	At the beginning of the year	24,993	55,428	123,871	(12,270)	13,727	87,627
	Charge for the year (Note 9)	124,480	-	-	52,813	-	-
	Write back for the year (Note 9)	(37,262)	(30,435)	(68,443)	-	(25,997)	(73,900)
	At the end of the year	112,211	24,993	55,428	40,543	(12,270)	13,727
15.1	Deferred tax assets	-	(12,270)	-	-	(12,270)	-
15.2	Deferred tax liabilities	112,211	37,263	55,428	40,543	-	13,727
	At the end of the year	112,211	24,993	55,428	40,543	(12,270)	13,727
16	**Inventories**						
	Stationeries and packaging materials	45,421	46,431	40,028	44,017	44,959	38,457
	Fuel & Oil	6,705	4,004	6,120	6,705	3,604	6,120
	Spares	257	-	-	-	-	-
		52,383	50,435	46,148	50,722	48,563	44,577
17	**Trade receivables**						
	Trade receivables	1,407,462	1,413,743	1,277,756	1,026,403	1,053,163	983,223
	Provision for bad debt	(126,613)	(62,271)	(73,397)	(101,298)	(34,910)	(51,553)
		1,280,849	1,351,472	1,204,359	925,105	1,018,253	931,670

Trade receivables are non-interest bearing and are generally on terms of 30 to over 271 days. For terms and conditions relating to related party receivables, refer to Note 26.

As at 31 March 2013, trade receivables of an initial value of ₦101,268,857 (2012: ₦34,909,798, 1 April 2011: ₦51,553,000) were impaired and fully provided for. See below for the movements in the provision for impairment of trade receivables

The Group

	Individually impaired ₦'000	Collectively impaired ₦'000	Total ₦'000
At 1 April 2011	**73,397**	**-**	**73,397**
Charge for the year	52,958	-	52,958
Utilised	(64,084)	-	(64,084)
At 31 March 2012	**62,271**	**-**	**62,271**
Charge for the year	71,882	-	71,882
Utilised	(7,540)	-	(7,540)
At 31 March 2013	**126,613**	**-**	**126,613**

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			
			0-90 Days	91-180 Days	181-270 Days	>270 Days
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
2013	1,280,849	-	616,379	189,091	90,708	384,671
2012	1,351,472	-	525,763	256,413	119,969	449,327
1 April 2011	1,204,359	-	544,258	186,224	136,821	337,056

The Company

	Individually impaired ₦'000'	Collectively impaired ₦'000'	Total ₦'000'
At 1 April 2011	51,553	-	51,553
Charge for the year	33,376	-	33,376
Utilised	(50,019)	-	(50,019)
At 31 March 2012	34,910	-	34,910
Charge for the year	66,388	-	66,388
Utilised	-	-	-
Unused amounts reversed	-	-	-
At 31 MARCH 2013	101,298	-	101,298

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 days	91-180 days	181-270 days	> 271 days
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
2013	925,105		447,618	127,275	47,064	303,148
2012	1,018,253		437,837	149,825	70,675	359,916
1 April 2011	931,670		425,910	136,224	75,352	294,184

See Note 31 (1a) on credit risk of trade receivables, which discusses how the company manages and measures credit quality of trade receivables.

		The Group			The Company		
				1 April			1 April
		2013	2012	2011	2013	2012	2011
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
18	**Other receivables and prepayment**						
	Prepayments	55,390	23,267	24,809	47,143	16,655	17,440
	Unutilized WHT receipts	101,138	36,244	78,629	93,008	31,604	77,285
	Staff car advance	35,161	11,940	17,989	19,666	11,722	17,989
	Union dues	2,333	4,492	-	2,333	4,492	-
	Other receivables	3,066	-	-	3,066	-	-
	Other staff advances	139,239	159,765	139,643	96,598	112,355	97,748
		336,327	235,708	261,070	261,814	176,828	210,462
19	**Cash and bank balances**						
	Cash balances	5,276	6,835	6,294	5,240	6,778	5,717
	Cash -in- transit	36,780	30,631	8,393	36,326	30,631	8,082
	Bank balances	202,045	279,367	110,368	82,459	213,387	78,825
	Short term deposit	271,487	187,255	144,353	225,635	187,255	144,353
		515,588	504,088	269,408	349,660	438,051	236,977

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 Company, 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		
				1 April			1 April
		2013	2012	2011	2013	2012	2011
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
20	**Share capital**						
	Authorized 600,000,000 ordinary shares of 50 kobo each	300,000	300,000	300,000	300,000	300,000	300,000
	Issued and fully paid: 589,496,760 ordinary shares of 50 kobo each	294,748	294,748	294,748	294,748	294,748	294,748
21	**Share premium**	296,433	296,433	296,433	296,433	296,433	296,433

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 ₦4 per share. The share premium increased from ₦43.8 million to ₦296.4 million for the year ended 31 March 2007.

		The Group			The Company		
				1 April			1 April
		2013	2012	2011	2013	2012	2011
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
22	**Long term loan**	114,512	-	-	-	-	-
		=======	=======	=======	=======	=======	=======

Fidelity Bank granted a loan of ₦ 114,512,940 to Red Star Logistics Limited 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 Employee benefits

	The Group			The Company		
	2013 ₦'000	2012 ₦'000	1 April 2011 ₦'000	2013 ₦'000	2012 ₦'000	1 April 2011 ₦'000
Net benefit expenses						
Current service cost	34,955	29,963	24,628	34,955	29,963	24,628
Interest cost on benefit Obligation	21,963	18,406	12,492	21,963	18,406	12,492
Expected return on plan assets	(23,282)	(20,403)	(18,725)	(23,282)	(20,403)	(18,725)
Past service cost	-	-	-	-	-	-
	33,636	**27,966**	**18,395**	**33,636**	**27,966**	**18,395**
Benefit liability and assets						
Defined benefit obligation	402,666	331,085	276,817	402,666	331,085	276,817
Fair value of plan assets	401,662	388,025	340,048	401,662	388,025	340,048
(Liability)/Asset	**(1,004)**	**56,940**	**63,231**	**(1,004)**	**56,940**	**63,231**
Changes in the present value of the defined benefit obligation are as follows:						
Opening balance	331,085	276,817	225,203	331,085	276,817	225,203
Current service cost	34,955	29,963	24,628	34,955	29,963	24,628
Interest cost	21,963	18,406	12,492	21,963	18,406	12,492
Benefit paid	(62,456)	(11,462)	(19,096)	(62,456)	(11,462)	(19,096)
Actuarial losses	77,119	17,361	33,590	77,119	17,361	33,590
Closing balance	**402,666**	**331,085**	**276,817**	**402,666**	**331,085**	**276,817**
Changes in the fair value plan assets are as follows:						
Opening balance	388,025	340,048	312,091	388,025	340,048	312,091
Expected return	23,282	20,403	18,725	23,282	20,403	18,725
Contributions by employer	51,716	40,427	40,355	51,716	40,427	40,355
Benefits paid	(62,456)	(11,462)	(19,096)	(62,456)	(11,462)	(19,096)
Actuarial gain/(loss)	1,095	(1,391)	(12,027)	1,095	(1,391)	(12,027)
Closing balance	**401,662**	**388,025**	**340,048**	**401,662**	**388,025**	**340,048**

		The Group			The Company		
		2013	2012	1 April 2011	2013	2012	1 April 2011
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
25	**Other creditors and accruals**						
	Accruals	217,969	246,174	205,802	161,759	201,723	148,576
	Customers deposit	-	38,500	69,690	-	38,500	69,690
	Agent clearing charges	45,172	102,891	96,454	45,172	102,891	96,454
	WHT	51,330	29,851	2,245	40,650	20,014	-
	VAT	127,162	131,989	93,240	84,798	106,669	80,581
	Staff pension (note 25.1)	40,033	28,025	22,765	9,563	5,791	4,532
	Unclaimed dividend	74,766	58,394	-	74,766	58,394	-
	Other creditors	89,163	83,189	97,534	65,837	54,508	57,160
		645,595	**719,013**	**587,730**	**482,545**	**588,490**	**456,993**
		=======	=======	=======	=======	=======	=======
25.1	**Staff pension accruals**						
	At the beginning of the year	28,025	22,765	22,216	5,791	4,532	12,127
	Provision for the year	103,231	88,888	84,796	47,315	48,849	49,766
		131,256	111,653	107,012	53,106	53,381	61,893
	Payment during the year	(91,223)	(83,628)	(84,247)	(43,543)	(47,590)	(57,361)
	At the end of the year	40,033	28,025	22,765	9,563	5,791	4,532
		=======	=======	=======	=======	=======	=======

26. Related party disclosure

The company 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 2013, the company 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.

	2013	2012	1 April 2011
	₦ '000	₦ '000	₦ '000
Due from related company			
Red Star Freight Limited	14,987	12,118	-
Red Star Logistics Limited	73,277	30,422	-
	88,264	42,540	-
	=======	=======	====
Due to related company			
Red Star Freight Limited	-	-	23,795
Red Star Logistics Limited	-	-	18,300
Red Star Supports Services Limited	110,626	127,627	86,278
	110,626	127,627	128,373
	=======	=======	=======

27 Reconciliation of net profit to cash from operating activities

	The Group		The Company	
	2013	2012	2013	2012
	₦'000	₦'000	₦'000	₦'000
Net profit after taxation	304,525	304,792	246,720	252,258
Adjustment to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	157,011	176,560	93,287	118,310
(Profit)/loss on disposal of fixed assets	(4,301)	962	(4,301)	45
Dividend received	-	-	(75,277)	(71,554)
Interest received	(16,627)	(5,771)	(15,629)	(5,771)
Fixed assets written-off	-	12,200	-	12,200
Adjustment to fixed assets	-	(19,656)	-	(1,011)
Changes in assets and liabilities:				
Increase in inventories	(1,948)	(4,287)	(2,159)	(3,986)
Decrease/(increase) in trade debtors	70,623	(147,113)	93,148	(86,583)
(Increase)/decrease in other debtors and prepayments	(89,925)	68,765	(74,293)	35,076
Increase in amount due to related companies	-	-	(45,724)	(74,209)
Increase in trade creditors	34,437	13,633	41,418	12,625
(Decrease)/increase in other creditors and accruals	(108,176)	79,661	(142,007)	111,400
Decrease in amount due to related companies	-	-	(17,001)	(746)
(Decrease)/increase in taxation payable	(79,293)	74,761	(51,560)	87,452
Increase/(decrease) in deferred taxation	87,217	(18,165)	52, 813	(25,998)
Decrease in employee benefits	(20,270)	(9,975)	(20,270)	(9,975)
Net cashflow provided by operating activities	333,273	526,367	79,165	349,533
	=======	=======	=======	=======

28. Employee benefit liability

The company operates a contributory pension fund scheme and a gratuity scheme for the benefit of its employees.

The Pension fund scheme is a defined contribution pension scheme in line with the Pension Reform Act 2004. The employees and the company each contribute 7.5%. The company's contributions are accrued and charged to the income statement as and when the relevant service is provided by employees.

The Gratuity scheme is a defined benefit plan. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses for this defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified into income statement in subsequent periods.

The Company recognises actuarial gains and losses in the period in which they occur in full in other comprehensive income in accordance with IAS 19.93A. Accordingly, the Company recognised all cumulative actuarial gains and losses at the date of transition to IFRS.

The following tables in Note 24 summarise the components of net benefit expense recognised in the income statement and amounts recognised in the statement of financial position for the respective years.

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

	2013	2012	As at 1 April 2011
	%	%	%
Discount rate	6	6	5
Future salary increase	-	-	-
Annual pensionable pay increase	-	-	-
Rate of return on assets	-	-	-
Average long-term rate of inflation	10	10	10

Mortality
Pre-retirement: British A49/52 Ultimate Table published by the Institute of Actuaries of England. The ages were rated down by 3 (three) years.

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

Directors	The Group		The Company	
Remuneration paid to the Directors was:	2013	2012	2013	2012
	₦'000	₦'000	₦'000	₦'000
Fees and sitting allowances	8,635	8,635	8,635	8,635
Executive compensation	7,088	6,808	7,088	6,808
Other Directors expenses and benefits	13,025	12,725	13,025	12,725
	28,748	28,168	28,748	28,168
	======	======	======	======
Fees and other emoluments disclosed above include amounts paid to:				
The Chairman	1,635	1,635	1,635	1,635
The highest paid Director	11,632	11,350	11,632	11,350
The number of Directors who received fees and other emoluments in the following ranges were:				
	Number	Number	Number	Number
Below N1,000,000	-	-	-	-
₦ 1,000,000 - ₦ 2,000,000	5	5	5	5
₦ 2,000,001 - ₦ 3,000,000	-	-	-	-
₦ 3,000,001 and above	2	2	2	2
	===	===	===	===

30. Staff number and higher paid employees

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

	The Group		The Company	
	2013	2012	2013	2012
	Number	Number	Number	Number
Managerial	6	8	5	7
Senior	46	44	36	42
Supervisors	196	188	67	84
Junior	1,293	1,181	189	186
	1,541	1,421	297	319
	=====	=====	====	====

30. Staff number and higher paid employees - Continued

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

	The Group		The Company	
	2013	2012	2013	2012
	Number	Number	Number	Number
₦140,001 - ₦210,000	1,291	1,201	187	121
₦210,001 - ₦360,000	196	164	67	147
₦360,001 - ₦900,000	46	48	36	44
₦900,001 - ₦1,700,000	6	6	5	5
₦1,700,001 - ₦2,011,000	2	2	2	2
	1,541	1,421	297	319
	=====	=====	====	====

31. Segment information

For management purposes, the Company 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**	
	13-Mar	**12-Mar**	**13-Mar**	**12-Mar**	**13-Mar**	**12-Mar**	**13-Mar**	**12-Mar**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Revenue	3,488,531	3,471,182	189,881	168,040	751,023	625,286	864,378	765,090
Finance income	15,629	5,771	998	-	-	-	-	-
Cost of sales	(2,321,079)	(2,271,943)	(148,650)	(128,219)	(528,635)	(461,045)	(659,014)	(562,079)
Operating expenses	(785,544)	(699,682)	(25,332)	(23,586)	(77,099)	(77,701)	(144,848)	(121,626)
Profit before taxation	397,537	505,328	16,897	16,235	145,289	86,540	60,516	81,385
Taxation	(150,817)	(253,070)	(5,549)	(5,128)	(63,894)	(23,928)	(20,176)	(31,016)
Profit after taxation	**246,720**	**252,258**	**11,348**	**11,107**	**81,395**	**62,612**	**40,340**	**50,369**

Segment statement of financial position	**Courier**		**Freight**		**Logistics**		**Support services**	
	13-Mar	**12-Mar**	**13-Mar**	**12-Mar**	**13-Mar**	**12-Mar**	**13-Mar**	**12-Mar**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Total Non-current assets	703,735	756,253	395	701	308,603	173,856	46,673	50,388
Current assets	1,675,565	1,724,235	91,617	98,745	381,477	268,420	235,086	220,472
Total assets	**2,379,300**	**2,480,488**	**92,012**	**99,446**	**690,080**	**442,276**	**281,759**	**270,860**
Ordinary share capital	294,748	294,748	10,000	10,000	147,939	147,939	49,065	49,065
Share premium	296,433	296,433	-	-	-	-		
Retained earnings	823,958	832,301	45,092	39,854	166,951	127,023	94,192	81,553
Non-current liabilities	41,547	-	20	70	175,902	27,488	10,258	9,705
Current liabilities	922,614	1,057,006	36,900	49,522	199,288	139,826	128,244	130,537
Total equity and liabilities	**2,379,300**	**2,480,488**	**92,012**	**99,446**	**690,080**	**442,276**	**281,759**	**270,860**

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

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

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

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

1. Credit risk

This is the risk of financial loss to the Company if a customer or counterparty to financial instrument fails to meet its Contractual obligations. The company is mainly exposed to credit risk from credit sales. It is Company 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 Company'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 2013, the Company had 9,436 customers (2012: 9,021 customers, 1 April 2011: 8,626 customers) that owed the Company more than N1,000,000 each and accounted for approximately 53% (2012: 49%, 1 April 2011: 54%) of all receivables owing.

There were 18 customers (2012: 17 customers, 1 April 2011: 14 customers) with balances greater than N10 million accounting for over 24% (2012: 17%, 1 April 2011: 14%) of the total amounts receivable.

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 credit risk on liquid funds is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

(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 Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party.

32. Financial risk management continued

Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. Red Star Express' maximum exposure to credit risk for the components of the statement of financial position at 31 March 2013 and 2011 is the carrying amounts as illustrated in Note 14.

2. Liquidity risk

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

The Company 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 Company's financial liabilities:

Year ended 31 March 2013	On Demand ₦ '000	Less than 3 months ₦ '000	3 to 12 months ₦ '000	1 to 5 years ₦ '000	> 5 years ₦ '000	Total ₦ '000
Trade and other payables	-	-	456,677	235,501	-	692,178
	=======	=======	=======	=======	=======	=======

Year ended 31 March 2012	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1 to 5 years ₦'000	> 5 years ₦'000	Total ₦'000
Trade and other payables	-	-	585,742	172,267	-	758,009
	=====	=====	=======	=======	======	=======

As at 1 April 2011	On Demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1 to 5 years ₦'000	> 5 years ₦'000	Total ₦'000
Trade and other payables	-	-	521,432	92,455	-	613,887
	=====	=====	=======	=======	======	=======

31. Financial risk management continued

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 company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company'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 company 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.

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 company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2013 and 2011. In order to ensure an appropriate return for shareholder's capital invested in the company, management thoroughly evaluates all material projects and potential acquisitions before approval. The company 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 Company after the reporting period.

35. Commitments and contingencies

Capital commitments

At 31 March 2013, the Company did not have any capital commitments (2012: Nil, 1 April 2011: Nil).

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

Legal claim contingency

As at 31st march 2013, 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 Company accepted a performance bond of ₦50 million (2012: ₦50 million) in favour of Nigeria Customs Services.

The Group

	2013		2012	
	₦ '000	%	**₦ 000**	%
REVENUE	5,293,813		5,029,598	
COST OF GOODS AND OTHER SERVICES - LOCAL	(4,306,732)		(3,979,497)	
	978,081		**1,050,101**	
NON-TRADING ITEMS	58,356		29,507	
TOTAL VALUE ADDED	1,045,437		1,079,608	
	=========		=========	
APPLIED AS FOLLOWS:				
EMPLOYEES				
- as salaries and labour related expenses	343,465	33%	285,114	26%
TO GOVERNMENT:				
- as Company taxes	153,218	15%	343,577	32%
RETAINED FOR THE COMPANY'S FUTURE				
- for assets replacement (depreciation& amortization)	157,011	15%	176,560	16%
- deferred taxation	87,218	8%	(30,435)	-3%
- for expansion (profit retained)	304,525	29%	304,792	29%
	1,037,240	100%	1,079,608	100%
	=========		=========	

The Company

	2013		2012	
	₦ '000	%	**₦ '000**	%
REVENUE	3,488,531		3,471,182	
COST OF GOODS AND OTHER SERVICES - LOCAL	(2,879,300)		(2,760,881)	
	609,231		**710,301**	
NON-TRADING ITEMS	103,831		99,526	
TOTAL VALUE ADDED	713,062		809,827	
	=========		=========	
APPLIED AS FOLLOWS:				
EMPLOYEES				
- as salaries and labour related expenses	222,238	31%	186,189	23%
TO GOVERNMENT:				
- as Company taxes	98,004	14%	279,067	34%
RETAINED FOR THE COMPANY'S FUTURE				
- for assets replacement (depreciation& amortization)	93,287	13%	118,310	15%
- deferred taxation	52,813	7%	(25,997)	-3%
- for expansion (profit retained)	246,720	35%	252,258	31%
	713,062	100%	809,827	100%
	========		=========	

The Group

	IFRS		Local GAAP		
	2013	**2012**	**2011**	**2010**	**2009**
	₦ '000	**₦ '000**	**₦ '000**	**₦ '000**	**₦ '000**
STATEMENT OF COMPREHENSIVE INCOME					
Revenue	5,293,813	5,029,598	4,207,877	4,139,818	3,959,979
Profit before taxation	544,961	617,934	411,301	473,614	459,769
Profit after taxation	304,525	304,792	333,594	180,516	248,285
	======	=======	=======	=======	=======
Per ₦1 share date (kobo):					
Earning - Basic	0.52	0.52	0.57	0.31	0.42
	======	=======	=======	=======	=======

	IFRS		Local GAAP		
	2013	**2012**	**2011**	**2010**	**2009**
	₦ '000	**₦ '000**	**₦ '000**	**₦ '000**	**₦ '000**
STATEMENT OF FINANCIAL POSITION					
Assets and Liabilities					
Property, plant & equipment	826,603	674,198	731,086	735,324	680,640
Intangible assets	18,828	13,121	8,132	-	-
Long term prepayment	4,838	15,532	16,845	-	-
Long term investment	633	633	929	155,331	11,404
Deferred taxation	-	12,270	-	-	-
Employee benefit assets	-	56,940	63,231	-	-
Deposit for shares	1,500	1,500	1,500	-	-
Net current assets	1,096,699	934,981	793,940	846,094	744,925
Non-current liabilities	(227,727)	(37,263)	(55,428)	(453,063)	(156,950)
	1,721,374	**1,671,912**	**1,560,235**	**1,283,686**	**1,280,019**
	========	========	========	========	========
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	1,130,193	1,080,731	969,054	692,505	688,838
	1,721,374	**1,671,912**	**1,560,235**	**1,283,686**	**1,280,019**
	========	========	========	========	========

The Company

	IFRS		Local GAAP		
	2013	2012	2011	2010	2009
	₦ '000	₦ '000	N '000	₦ '000	₦ '000
STATEMENT OF COMPREHENSIVE INCOME					
Revenue	3,488,531	3,471,182	2,924,593	4,139,818	2,978,918
Profit before taxation	397,537	505,328	198,936	473,614	238,189
Profit after taxation	246,720	252,258	209,452	180,516	122,837
	========	========	========	========	========
Per ₦ 1 share date (kobo):					
Earning - Basic	0.42	0.43	0.36	0.31	0.21
	====	====	====	====	====

	IFRS		Local GAAP		
	2013	2012	2011	2010	2009
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
STATEMENT OF FINANCIAL POSITION					
Assets and Liabilities					
Property, plant & equipment	470,932	449,253	482,917	516,287	572,230
Intangible assets	18,828	13,121	8,132	-	-
Long term prepayment	4,838	15,532	16,845	-	-
Long term investment	207,637	207,637	207,933	214,430	169,337
Deferred taxation	-	12,270	-	-	-
Employee benefit assets	-	56,940	63,231	-	-
Deposit for shares	1,500	1,500	1,500	-	-
Net current assets	752,951	667,229	597,508	855,239	553,223
Non-current liabilities	(41,547)	-	(13,727)	(374,023)	(151,800)
	1,415,139	**1,423,482**	**1,364,339**	**1,211,933**	**1,142,990**
	========	========	========	========	========
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	823,958	832,301	773,158	620,752	551,809
	1,415,139	**1,423,482**	**1,364,339**	**1,211,933**	**1,142,990**
	========	========	========	========	========

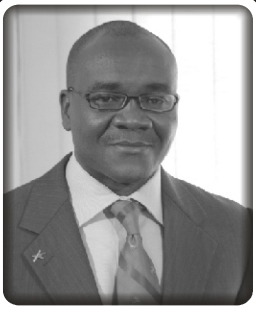
SHARE CAPITAL HISTORY

The company's initial authorized share capital was ₦7million comprising 7million ordinary shares of ₦1 each. The shares were subdivided into ordinary shares of 50 kobo each in July 2006. The company's authorized share capital is currently ₦300 million; comprising 600 million ordinary shares of 50 kobo each, while the company's issued share capital is ₦294,748,155 comprising 589,496,760 ordinary shares of 50 kobo each.

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

Year	Authorised (₦'000)		Issued and Fully Paid-up (₦'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	0	3,570,186	-
1994	7,000,000	28,000,000	0	3,570,186	-
1995	17,000,000	45,000,000	0	3,570,186	-
1996	0	45,000,000	38,358,445	41,928,631	Cash
1998	0	45,000,000	1,238,534	43,167,165	Cash
1999	0	45,000,000	298,947	43,466,112	Cash
2000	0	45,000,000	593,550	44,059,662	Cash
2001	0	45,000,000	102,501	44,162,163	Cash
2002	0	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

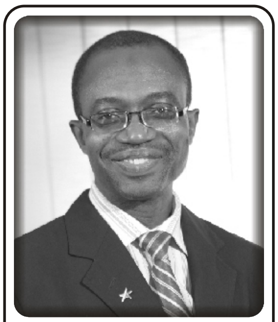
MANAGEMENT TEAM



VICTOR UKWAT
DGM, Sales

SULE UMAR BICHI
Managing Director/CEO

ENOMA OJO
Head, Corporate Services

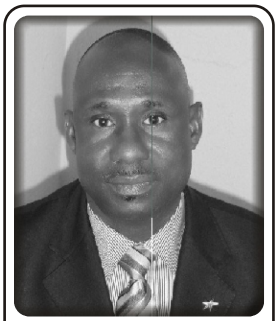


PANTI MOHAMMED
DGM, Operations & Services

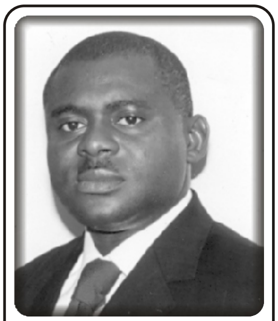
MUYIWA OLUMEKUN
Executive Director

VINCENT IHEMENWA
DGM, Finance & Planning

SOLA OBABORI
Chief Operating Officer,
Red Star Logistics Ltd.



NASIR TURAJO
Chief Operating Officer,
Red Star Freight Ltd.



MUDIAGA OKUMAGBA
Chief Operating Officer,
Red Star Support Services Ltd.

PROXY FORM

FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING OF RED STAR EXPRESS PLC. ON SEPTEMBER 19, 2013 AT WELCOME CENTRE HOTEL, MAFOLUKU, 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 September 19, 2013 and at any adjournment thereof.

Dated this................day of .... 2013.

Shareholders' Signature..

Name of shareholder..

Common seal should be affixed if executed by a corporation.

	RESOLUTIONS	FOR	AGAINST
	To lay before members, the Report of the Directors and the Audited Accounts together with the Auditors Report for the year ended March 31, 2013.		
	To declare a dividend		
	To elect/reelect Directors		
	To authorize Directors to appoint and fix the remuneration of the Auditors.		
	To elect/reelect shareholders representatives on the Audit Committee.		
	To authorize Directors to fix the Directors fees.		
	To increase the authorised Share Capital of the Company.		

NOTE:

A shareholder who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above proxy form has been prepared to enable you exercise your right to vote, in case you cannot personally attend the meeting.

Following the normal practice, the name of the Managing Director of the Company has been entered on the form to ensure that someone will be at the meeting to act as your proxy but if you wish you may insert on the blank space on the form (marked **) the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf instead of one of the named Directors.

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

USL-FORM 008

united securities»»

MANDATE FOR E-DIVIDEND PAYMENT

Date (DD/MM/YYYY)

The Registrar,
United Securities Limited
10, Amodu Ojikutu Street
Victoria Island
Lagos

Dear Sir/Madam

Kindly find below my /our bank details for the purpose of electronic payments of dividends due to me / us. I / We confirm that all information supplied is to the best of my / our knowledge correct and hereby indemnify United Securities Limited against any loss that may arise from their adoption of the details as supplied hereunder.

Surname / Company's Name:

Other Names (for Individual Shareholder)

Present Postal Address

City | State

Email Address 1:

Email Address 2:

Mobile (GSM) Phone Number

Bank Name **(SECTION TO BE COMPLETED BY YOUR BANK)**

Branch Address

Bank Account Number

Bank Sort Code

Please tick as appropriate	
Access Bank Plc	
AIICO Plc	
BSS Industries Ltd	
FSDH Funds	
I H S Nigeria Plc	
Intercontinental Finance Ltd	
Intercontinental Homes Savings & Loans Plc	
Intercontinental Integrity Fund	
Intercontinental Properties Ltd	
Intercontinental WAPIC Plc	
McNichols Consolidated Plc	
NDEP Plc	
NIDF	
NIPCO Plc	
Redstar Express Plc	
Three Points Industries Ltd	

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

Company Seal / Incorporation Number (Corporate Shareholder)

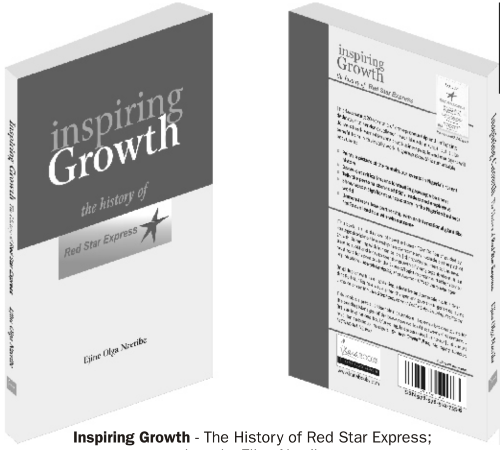
AUTHORISED SIGNATURE & STAMP OF BANKKERS

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

R Chief of Staff/Head, Corporate Division, The Nigerian Stock Exchange (NSE), Mr. Bola Adeeko; Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri , Managing Director, Red Star Express Plc, Mr. Sule Umar Bichi and Executive Director, Muyiwa OLumekun at the Bell Ringing Ceremony of Red Star Express Plc on Thursday, October 18, 2012 at The Nigerian Stock Exchange.



Inspiring Growth - The History of Red Star Express; written by Ejine Nzeribe.

Charity Walk to Orphanage & Old Peoples' Home

20th anniversary Cake

L-R: Sir Chris Ogbechie, Sule Umar Bichi, Mazi Sonny Allison, Dr Mohammed Koguna, Prof J.O. Irukwu, Ejine Nzeribe and Emeka Onwuka at the 20th anniversary celebration of Red Star Express Plc

INTERVIEW

'Creating new frontiers for logistics sector remains our focus'

Sule Bichi, Managing Director/CEO, Red Star Express plc in this insightful interview with KELECHI EWUZIE shares key milestones that have shaped the company over the last 20 yearsand the company's strategic target for the logistics sector of the economy

Certification No. 000076

STANDARDS ORGANISATION OF NIGERIA

DECREE NO. 56 OF 1971

Certificate

NIS

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 Function

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

Director General/Chief Executive
STANDARDS ORGANISATION OF NIGERIA

17 January 2013
Date of issue