Red Star Express

2017
Annual Report and Accounts

Red Star Express Plc
...Since 1992

...for the long haul

Red Star Express Plc
...Since 1992
...for the long haul
...for the long haul
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Red Star Express Plc
70, International Airport Road, Lagos.
Tel: 01-2715670-6
Email: enquiries@redstarplc.com
www.redstarplc.com

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Corporate Profile

Red Star Express is the flagship, continuing the pick-up and delivery of express documents and parcels, domestic and international, and its relationship with FedEx as its sole licensee in Nigeria.

PRINCIPAL OFFICER:	**OBABORI, PETER OLUSOLA, Group Managing Director/Chief Executive Officer**
OWNERSHIP STRUCTURE:	**Wholly Nigerian**
INTERNATIONAL PARTNER:	**Federal Express Corporation (FedEx), USA**
FOUNDED BY:	**Messrs SONNY ALLISON, PATRICK NWOSU and EDDY OLAFESO**
BEGAN OPERATION:	**October 1992**
GOING PUBLIC:	**July 2007**
LISTING:	**November 2007**

NATIONWIDE NETWORK

166 offices within Nigeria
Deliveries to over 1,500 communities
Employs over 1,500 highly trained professional staff
Owns over 700 vehicle fleet

VISION: To be an investor in the logistics services industry, helping the companies in which we invest, create sustainable value and achieve superior returns

MISSION: We will provide superior returns to stakeholders through investments in companies that provide logistics related services

CORE VALUES

Ethical Practices: Our company shall play by the rules, doing our business in line with international and local laws. We will be professional in the discharge of our duties to all stakeholders and we will demand same from all.

Stewardship: Our bond with our clients and customers will remain absolute with adequate management of all effects entrusted on us

Entrepreneurship: Red Star will continue to identify new opportunities and discover new ways to achieve old processes through its people, its processes and technology.

Excellence: Red Star will promote excellence through optimal productivity of its personnel in the company at all times and ensure that performance and the achievement of goals will direct its reward system.

Red Star Subsidiaries

Red Star Express seeks to further meet its clients' demands and ever changing needs by setting up subsidiaries to handle the peculiarity of each client

Red Star Freight Ltd

This subsidiary is responsible for air and sea freighting of private and commercial heavyweights, clearing and forwarding as well as packaging and removal services. Other areas include inbound and outbound freight, and handling of dangerous goods which is executed through the sea, air and land transportation. The delivery processes are door-to-door, door-to-airport, airport- to-airport and airport-to-door.

Red Star Logistics

This is the Ground Trucking and Haulage services arm of Red Star Express Plc. with a fleet of heavy-duty trucks delivering shipments across Nigeria. This subsidiary also offers Warehousing services thereby offering manufacturers better logistics integration and speed to market. Other services include deferred ground delivery office or home relocations, Cold Chain Pharmaceutical Distribution etc.

Red Star Support Services

This is the arm providing human capital and assets for the banking, oil & gas and the multi-national companies/organisations. The premier product of Red Star Support Services is the mail-room management, which is the provision of dedicated men and material resources to the running of the day to day operations of the banks, oil and gas, manufacturing and other desiring organisations. Other areas of coverage include Express Food Delivery Services, Vehicle Pool Management Services and Executive Shuttle Services.

Corporate Information

FOR THE YEAR ENDED 31 MARCH 2017

BOARD OF DIRECTORS:	**Dr. M.H. Koguna**	**Chairman**
	Sule Umar Bichi	**Group Managing Director/Chief Executive**
	(Contract Expired; 31st August, 2016)	
	(Appointed Non-Executive Director; 27th October 2016)	
	Olusola Peter Obabori	**Group Managing Director/Chief Executive**
	(Appointed 1st September 2016)	
	Victor Enobong Ukwat	**Executive Director**
	Auwalu Badamasi Babura	**Executive Director**
	Isaac Orolugbagbe	**Non-Executive Director**
	Aminu Dangana	**Non-Executive Director**
	Sulaiman L. Koguna	**Non-Executive Director**
	Chris Ogbechie	**Non-Executive Director**

REGISTERED OFFICE

70, International Airport Road. Lagos.
Tel: 01-2715670-6
Email: enquiries@redstarplc.com
http://www.redstarplc.com

ADMINISTRATIVE OFFICE

Adeola Ajayi Street, off Oludegun Street.
Mafoluku Oshodi. Lagos.

REGISTERED NUMBER **RCNo. 200303**

FRC NUMBER **FRC/2012/0000000000253**

SECRETARY **Frances Ndidi Akpomuka**

AUDITORS

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

REGISTRARS

United Securities Limited
Plot 09 Amodu Ojikutu Street, Victoria Island, Lagos.

SOLICITORS

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

BANKERS

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of Red Star Express Plc will hold at the Welcome Centre Hotels, 70 International Airport Road, Lagos on Thursday August 31, 2017 at 11.00 am, to transact the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended March 31, 2017, and the Report of the Directors, Auditors and Statutory Audit Committee thereon;
2. To declare a dividend;
3. To re-elect Mr. Sulaiman Koguna as Non-Executive Director;
4. To elect Mr. Sule Umar Bichi who was appointed as Non-Executive Director by the Board since the last Annual General Meeting;
5. To authorize the Directors to fix the remuneration of the Auditors;
6. To elect members of the Audit committee.

SPECIAL BUSINESS

7. To consider and if thought fit, pass the following Ordinary Resolution:
   "That the Directors' fees for the Financial Year ending March 31, 2018 be fixed at N6,375,000.00.

8. To consider and if thought fit, pass the following resolutions as ordinary resolutions of the Company.
   i. That subject to the approval of the relevant regulatory authorities, the Company be converted from a Group Structure to a Holding Structure;

   ii. That the Directors be and are hereby authorized to raise additional capital via the issue of debt instruments, Preference Shares or Ordinary Shares or a combination of any of these options whether by way of Private Placement, Rights to existing Shareholders, Offer for Subscription or any Staff Share Scheme, at a quantum and price upon such other terms and conditions to be determined at the discretion of the Directors and subject to any requisite regulatory approvals.

   iii. That the Directors of the Company be and are hereby authorized to appoint such professional advisers and other advisers and parties to the transaction mentioned above and perform all such other acts and do all such other things as may be necessary for and/or incidental to effecting the above resolutions.

   iv. That all acts carried out by the Directors and Management of the Company hereto in connection with the above 8(i), (ii) & (iii) be and are hereby ratified.

PROXY

A member, entitled to attend and vote at the Annual General 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. For the appointment to be valid, a completed and duly stamped Proxy Form must be deposited at the office of the Registrars, United securities Limited, Plot 09 Amodu Ojikutu Street, Victoria Island, Lagos, not less than 48 hours before the time fixed for the meeting. A blank Proxy Form is attached to the Annual Report.

BY ORDER OF THE BOARD

FAkpomuka

FRANCES NDIDI AKPOMUKA
Company Secretary
FRC/2013/ICSAN/00000002640
70 International Airport Road. Lagos
June 28, 2017
Lagos, Nigeria

NOTES

1. **Dividend**
   If approved dividend will be payable on Thursday September 7, 2017, at the rate of 40 Kobo per every 50 Kobo ordinary share, to shareholders whose names appear in the Register of Members at the close of business on Tuesday August 1, 2017. Shareholders who have completed the e-Dividend Mandate forms will receive a direct credit of the dividend into their nominated bank accounts on September 7, 2017 while dividend warrants for shareholders who have not completed the e-dividend Mandate form shall be posted on the same day.

2. **E-Dividend**
   Shareholders are kindly requested to update their records with the registrars, United Securities Limited with relevant bank accounts for payment of their dividends. Detachable forms in respect of mandate for e-dividend payment, unclaimed/stale dividend payment and shareholders data update are attached to the annual report for convenience. The form is also available from the Registrar's website www.unitedsecuritieslimited.com. Duly completed forms should be returned to United Securities Limited, Plot 09 Amodu Ojikutu Street, Victoria Island, Lagos or nearest Red Star Express office Attention: The Company Secretary.

3. **Closure of Register**
   The Register of members will be closed from 2nd to 4th August 2017 both dates inclusive to enable the Registrar prepare for payment of dividend.

4. **Statutory Audit Committee**
   In accordance with section 359(5) of the Companies and Allied Matters Act 2004, any shareholder may nominate a shareholder for appointment to the statutory Audit committee. Such nomination should be in writing and should reach the Company Secretary at least 21 days before the Annual General Meeting.

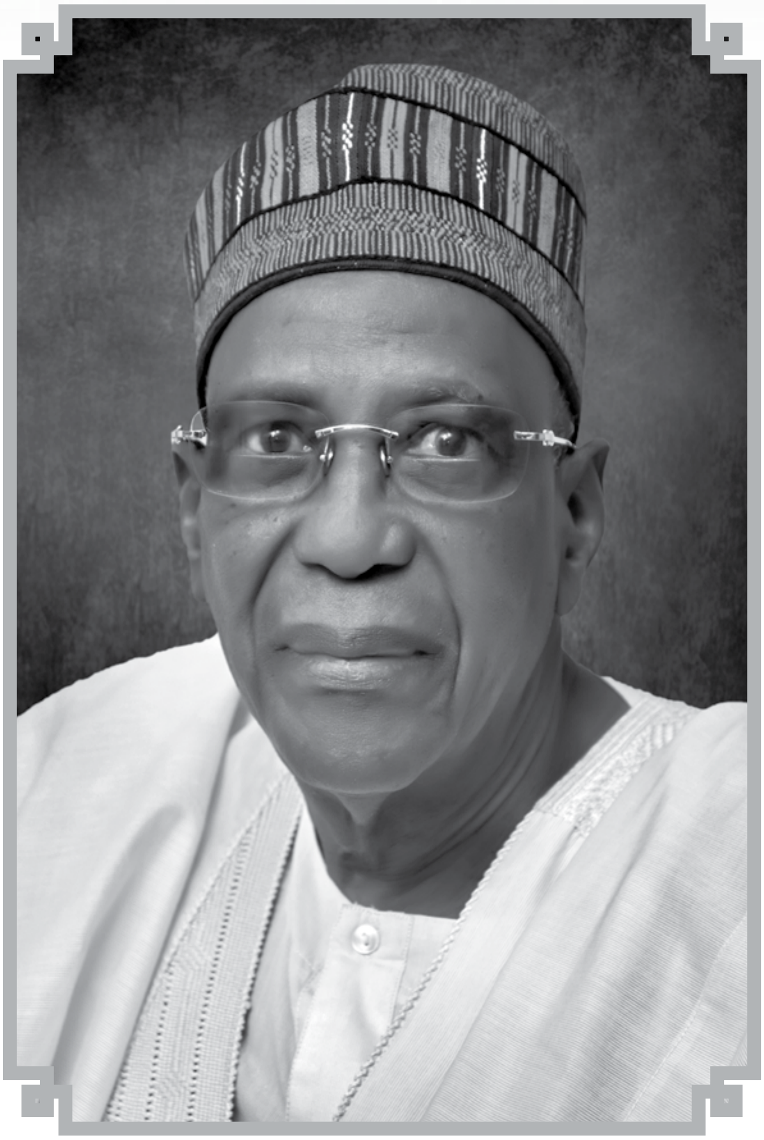
   The Board has approved the increase in seats on the Audit committee from four to six, with equal representation for shareholders representatives and Directors.

5. **Election/Re-election of Directors**
   In accordance with the provisions of the Articles of Association of the company, the Directors to retire by rotation are Mr. Sule Umar Bichi and Mr. Sulaiman Koguna. The retiring Directors being eligible, offer themselves for re-election. Profiles of the Retiring Directors are included in the Annual Reports and the Company's website at www.redstarplc.com.

6. **Shareholders' Questions**
   Shareholders reserve the right to ask questions at the Annual General Meeting. Shareholders may also submit their questions prior to the meeting in line with Rule 19. 12 (c) of the Listing Rules of the Nigerian Stock Exchange. Such questions to be addressed to the Company Secretary and reach the Company at its Head Office or by electronic mail at enquiries@redstarplc.com not later than 72 hours to the date of the meeting.

Board of Directors

WHO HELD OFFICE DURING THE FINANCIAL YEAR



DR. MOHAMMED H. KOGUNA
(Chairman)

OBABORI, PETER OLUSOLA
GROUP DEPUTY MANAGING DIRECTOR/CEO
April 1 - August 31, 2016
GROUP MANAGING DIRECTOR/CEO
With effect from September 1, 2016

BICHI, SULE UMAR
GROUP MANAGING DIRECTOR
Until August 31, 2016
NON-EXECUTIVE DIRECTOR
With effect from October 27, 2016

Board of Directors
Continued

BABURA, AUWALU BADAMASI
EXECUTIVE DIRECTOR
FINANCE AND ADMINISTRATION

UKWAT, ENOBONG VICTOR
EXECUTIVE DIRECTOR
SALES AND MARKETING

OROLUGBAGBE, ISAAC
NON-EXECUTIVE DIRECTOR

Board of Directors
Continued

OGBECHIE, IKE CHRIS
NON-EXECUTIVE DIRECTOR

ALHAJI DANGANA, AMINU
NON-EXECUTIVE DIRECTOR

KOGUNA, SULAIMAN LAWAN
NON-EXECUTIVE DIRECTOR

Profile of Directors for Re-Election/Election

SULAIMAN LAWAN KOGUNA

Non-Executive Director (Reelection)

Mr. Koguna is a graduate of Economics from the Eastern Mediterranean University, Cyprus and holds a Post Graduate Diploma in Finance and Management from Loughborough University, Leicestershire, UK. He is an experienced Insurance professional and a member of the Chartered Insurance Institute UK.

He was a Council member of the Standards Organization of Nigeria (SON) and is the Executive Director Marketing, Koguna Babura Insurance Brokers Limited. He is also Founder/Director e-Insurance Solutions Centre Limited, e-Training Institute and e-Island Solutions Limited.

SULE UMAR BICHI

Non-Executive Director (Election)

Sule Umar Bichi is a graduate of Accounting from Bayero University, Kano. He is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA) and Institute of Directors of Nigeria (FIoD). He also holds a Masters Degree (M.Sc.) in Economics from the Lagos State University and is an Alumnus of the Lagos Business School.

Prior to his appointment as Non-Executive Director, he was Managing Director/CEO of Red Star Express Plc. for nine (9) years, until expiration of his contract in August 2016.

Mr. Bichi is currently Managing Director of Madinka Ventures Limited and Chairman Audit and Risk Committee of the Institute of Directors of Nigeria (IOD).

Chairman's Statement

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

I am delighted to welcome you to the 24th Annual General Meeting of our Company, Red Star Express Plc., to present the Reports and Financial Statements of the year ended March 31, 2017 and a review of the Company's performance during the financial year.

OPERATING ENVIRONMENT:

Lower oil revenues, tight capital controls, increased inflationary pressure and exchange rate volatility combined to make 2016 a challenging year for Nigeria. By June 2016, the country had slipped into recession, facing its first full-year contraction for almost three decades, with a negative annual GDP growth rate of -1.73 percent compared to about 2.8 percent growth rate recorded in 2015 as reported by the Nigeria Bureau of Statistics (NBS).

Most of the hitherto solid conglomerates had to resort to several cost cutting measures, including the most inevitable of downsizing, in order to remain active in the economy. Despite being a global phenomenon, unemployment has been a major challenge successive administrations contend with yearly. The National Bureau of Statistics (NBS) says the country's unemployment rate rose from 13.3 percent in the 2nd quarter to 13.9 percent in the 3rd quarter of 2016.

The crisis in the nation's aviation industry escalated from occasional crashes to perpetual flight delays and cancellations. The acute shortage of aviation fuel also worsened the situation with air fares rising by as much as 300%.

However, we are aware of government's multi-faceted efforts in confronting and resolving the economic challenges and we can attest to the fact that they are already yielding positive efforts.

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

FINANCIAL PERFORMANCE REVIEW:

Despite the recessionary pressure on the economy, our Company posted a turnover of ₦7.3billion in the year under review which is 10 percent higher than the preceding year. The profit before tax increased from ₦572million to ₦653million, while profit after tax also increased from ₦334.4million to ₦426.8million.

DIVIDEND:

Our Company has maintained its commitment to the creation of wealth for shareholders in appreciation of their support at all times. To this end, the Board of Directors is recommending gross cash dividend of 40 Kobo for every 50 Kobo share totalling ₦236million.

The dividend will be paid on 7th September 2017 subject to the deduction of appropriate withholding tax upon approval at this meeting.

CORPORATE SOCIAL RESPONSIBILITY:

Red Star Express has remained steadfast in her policy of making sure that the social and economic welfare of its stakeholders are preserved and sustained through the Red Star Foundation.

We have constantly reviewed the activities of Red Star Foundation and have re-established the drivers in such a way that the Foundation can expand into other areas apart from the continuous award of scholarships to students in public schools in our host communities.

To show our commitment, during the year under review, the company awarded 20 additional scholarships to secondary school students from the Eastern, Western and Northern parts of Nigeria.

CHANGE IN MANAGEMENT STRUCTURE:

In the course of the year under review, the Board and Management took a critical look at its business, with a view to repositioning the Company as a leader in the logistics industry and to optimize emerging business opportunities in the domestic and international business environment.

Following the approval at the last AGM, the new Group Managing Director, Mr. Olusola Obabori took over in September, 2016 and, along with the Group Executive Committee of the Company comprising of the Executive Directors and Divisional Managing Directors of the subsidiaries has been working with his team to create growth platforms and expansions into related opportunity areas.

At the expiration of the contract of the former Group Managing Director, Mr. Sule Bichi on August 31st, 2016, the Board subsequently appointed him as a Non-Executive Director with effect from 27th October 2016. This was to enable the present Management benefit from his vast knowledge and experience, having contributed to the growth and success of the company, spanning over two decades.

We are of the opinion that the present Management will further improve the fortunes of this Company in the coming years.

In the course of the year, the company has opened a branch office in Niger Republic and is gradually building capacity in pick up and delivery of mails and packages.

FUTURE OUTLOOK:

We have identified some growth platforms that will become full subsidiaries in coming years. The Nigerian economy is gradually coming out of recession and already showing promises in non-oil sectors such as Entertainment, Agriculture, Retail & Trade, and even in the less attractive Manufacturing Sector.

At this AGM, we are seeking approval to restructure the Company as a Holding Company from the current Group Structure, which the Company has run for over seven years. This has become necessary in view of the various initiatives the Company seeks to explore and the need to have a more structured accounting system.

These are part of the Company's expansion plans aimed at taking full advantage of business opportunities.

We will continue to be innovative so as to ensure the steady growth of the company which would bring about sustained progression in terms of returns on investments. Our watchword in the management of both our human and capital resources will be to focus on cost efficiency, and concentrate on opening new horizons that will ensure we remain the market leader in our industry.

In all these, our shareholders and indeed all stakeholders will be the better for it as we will continually ensure that their interests would be given top priority at all times.

Thank you once again.

Dr. Mohammed H. Koguna
Durbin Kano

Result At A Glance

AUDITED RESULT FOR THE YEAR ENDED 31ST MARCH, 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	N' 000	N' 000	N' 000	N' 000
TURNOVER	7,298,642	6,632,996	4,049,921	3,815,253
PROFIT BEFORE TAX	653,200	572,107	408,342	423,396
TAXATION	(226,444)	(237,680)	(93,665)	(122,518)
PROFIT AFTER TAX	426,756	334,427	314,677	300,878
CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
NON-CURRENT ASSETS	1,191,849	903,056	900,208	818,483
CURRENT ASSETS	3,239,708	2,853,135	2,494,109	2,130,739
TOTAL ASSETS	4,431,557	3,756,191	3,394,317	2,949,222
NON-CURRENT LIABILITIES	248,702	133,955	82,458	55,790
CURRENT LIABILITIES	1,750,807	1,410,193	1,520,820	1,210,319
EQUITY	2,432,048	2,212,043	1,791,039	1,683,113
TOTAL EQUITY & LIABILITIES	4,431,557	3,756,191	3,394,317	2,949,222

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

Olusola Peter Obabori
Managing Director/CEO
FRC/2016/IODN/000000152902

Auwalu Badamasi Babura
Finance Director
FRC/2016/ICAN/0000001440

Report of The Directors

TO THE MEMBERS OF

RED STAR EXPRESS PLC

FOR THE YEAR ENDED 31 MARCH 2017

The Directors have the pleasure in presenting their annual report on the affairs of Red Star Express Plc (the Company) and its subsidiaries together with the consolidated audited financial statements for the year ended 31 March 2017.

Legal Status

Red Star Express Plc was incorporated in Nigeria under the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 1990 as a private limited liability company on 10th July 1992 and it commenced business on 12th October 1992.

The company became a Public Company on 9th July 2007 and subsequently listed its shares on the Nigerian Stock Exchange (NSE) on 14th 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, warehousing and general haulage.

There was no change in the principal activities of the company.

Results for the year

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	N '000	**N '000**	**N '000**	**N '000**
Revenue	7,298,642	6,632,996	4,049,921	3,815,253
Profit before taxation	653,200	572,107	408,342	423,195
Taxation	(226,444)	(237,680)	(93,665)	(159,415)
Profit after taxation	426,756	334,427	314,677	263,780

FOR THE YEAR ENDED 31 MARCH 2017

DIVIDEND

The directors are pleased to recommend to the shareholders the payment of N236million that is 40kobo gross per share which is subject to approval by shareholders at the Annual General Meeting. Payment of dividend is subject to withholding tax at 10% (2016: N206 million).

DIRECTORS

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

1.	**Dr. Mohammed Hassan Koguna**	Chairman
2.	**Sule Umar Bichi**	
	Retired 31 August, 2016	Group Managing Director/Chief Executive
	Appointed 27 October 2016	Non-Executive Director
3.	**Olusola Peter Obabori**	Managing Director/Chief Executive (Appointed September 1st 2016)
4.	**Victor Enobong Ukwat**	Executive Director
5.	**Auwalu Badamasi Babura**	Executive Director
6.	**Isaac Orolugbagbe**	Non-Executive Director
7.	**Aminu Dangana**	Non-Executive Director
8.	**Sulaiman Lawan Koguna**	Non-Executive Director
9.	**Chris Ike Ogbechie**	Non-Executive Director

Since the last Annual General Meeting, there has been a number of changes in the composition of the Board.

The contract of Mr. Sule Umar Bichi, as Group Managing Director/CEO ended on 31st August 2016 and Mr. Olusola Obabori was appointed to replace him with effect from 1st September 2016. Mr Sule Bichi was however appointed by the Board as a Non-Executive Director, to bring on –board his vast knowledge and experience in the Courier and Logistics Industry and further support the Board in taking the Company to greater heights. His appointment took effect from October 27, 2016.

In accordance with the Company's Articles of Association, Mr. Sule Bichi being the Director appointed since the last Annual General Meeting will be retiring along with Mr. Sulaiman Koguna who retires as Director by rotation and being eligible, offer themselves for election/re-election.

Also in accordance with the provisions of section 256 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation 2004, special notice is given that the Chairman Dr. Mohammed Koguna, is above 70 years of age.

RECORDS OF DIRECTORS' ATTENDANCE AT BOARD MEETINGS

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

The Directors have a formal schedule of meetings and met four (4) times in the year under review. The table below shows the number of meetings (Board and Committee) attended by each Director:

FOR THE YEAR ENDED 31 MARCH 2017

Directors	Board	Strategy & Business Development	Governance, Nomination & Remuneration	Risk Management
Frequency of meetings	27/4/16; 28/6/16 22/10/16; 23/2/17	7/4/16; 27/6/16 21/2/17	-	23/2/17
Dr. M.H. Koguna	3	N/A	-	N/A
Sola Obabori	4	3	-	1
Victor Ukwat	4	3	-	1
Auwalu Babura	4	3	-	1
Isaac Orolugbagbe	4	3	-	NA
Aminu Dangana	3	N/A	-	1
Sulaiman Koguna	4	NA	-	1
Chris Ogbechie	3	2	-	NA
Sule Umar Bichi	4	2	-	NA

AUDIT COMMITTEE
Number of meetings 4

Name	June 23, 2016	July 7, 2016	October 21, 2016	Jan. 24 2017
Hon. Tajudeen Jimoh	✓	✓	*	*
Chief. Cyril Ugwumadu	✓	✓	✓	✓
Ganiyu Kola Amoo	**	**	✓	✓
Isaac Orolugbagbe	✓	✓	✓	✓
Sulaiman Koguna	✓	✓	✓	✓

***Member until August 18, 2016**
**** Elected with effect from August 18, 2016**

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 C20, Laws of the Federation of Nigeria 2004 and the listing requirements of the Nigerian Stock Exchange are as follows:

S/NO	NAME	NUMBER OF SHARES HELD AS AT 31 MARCH 2016	NUMBER OF SHARES HELD AS AT 31 MARCH 2017
1.	Alhaji Mohammed H. Koguna	109,419,912– direct 86,756,059– indirect Representing Koguna Babura Insurance Brokers Ltd	109,419,912– direct 86,756,059– indirect Representing Koguna Babura Insurance Brokers Ltd
2.	Sola Obabori	356,896	356,896
3.	Victor Ukwat	54,377	54,377
4.	Auwalu Babura	-	112,178
5.	Sule Umar Bichi	5,416,680	5,416,680
6.	Isaac Orolugbagbe	12,552,959	12,552,959
7.	Aminu Dangana	20,000	20,000
8.	Sulaiman Lawan Koguna	-	2,382,272
9.	Chris Ogbechie	4,166,000	4,166,000

FOR THE YEAR ENDED 31 MARCH 2017

SHARE CAPITAL HISTORY
The company's initial authorized share capital was N7million comprising 7 million ordinary shares of N1.00 each and subsequently increased at various stages. The shares were subdivided into ordinary shares of 50 kobo each in 2006. The company's authorized share capital is currently N500 million, comprising 1 billion ordinary shares of 50 Kobo each with an issued share capital of N294,748,155 representing 589,496,760 ordinary shares of 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
2014	200,000,000	500,000,000	-	294,748,155	-

Analysis of Shareholdings

According to the register of members, the spread of Shareholdings in the Company was as follows:
As at 31 March 2017

Share Range		Number Of Shareholders	% of Shareholders	Number Of Holdings	% Shareholding
1	-1,000	921	21.64	456,668	0.08
1,001	-5,000	1,031	24.22	3,352,924	0.57
5,001	-10,000	655	15.39	5,492,688	0.93
10,001	-50,000	1,176	27.63	30,537,594	5.18
50,001	-100,000	224	5.26	16,957,422	2.88
100,001	-500,000	186	4.37	39,469,629	6.70
500,001	-1,000,000	25	0.59	20,110,488	3.41
1,000,001	-5,000,000	24	0.56	54,836,437	9.30
5,000,001	-10,000,000	5	0.12	36,434,994	6.18
10,000,001	-100,000,000	8	0.19	272,438,004	46.22
100,000,001	-1,000,000,000	1	0.02	109,409,912	18.56
TOTAL		**4,256**	**100**	**589,496,760**	**100.00**

FOR THE YEAR ENDED 31 MARCH 2017

As at 31 March 2016

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

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

NAME	2017	%	2016	%
STANBIC NOMINEES LTD	151,020,853	26	127,645,553	22
KOGUNA, MOHAMMED HASSAN	109,409,912	19	109,219,912	19
KOGUNA BABURA INSURANCE BROKERS LIMITED	86,756,059	15	86,756,059	15

UNCLAIMED DIVIDEND

Some dividend warrants have remained unclaimed and are yet to be presented for payment or returned to the Company for revalidation. Affected Shareholders are advised to contact the Registrars, United Securities Limited, Plot 09, Amodu Ojikutu Street, Victoria Island, Lagos or the Company Secretary.

E-DIVIDEND

Following the resolution reached at the Capital Market Committee Meeting held on August 9, 2016, the Securities and Exchange Commission has directed all Capital Market Registrars to discontinue the issuance of dividend warrants to investors after July 31, 2017. This deadline has however been extended to December 31, 2017

In view of the directive, shareholders are advised to complete the e-dividend mandate forms which should be returned to the Registrars.

DIRECTORS INTEREST IN CONTRACTS

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

SERVICE CONTRACT AGREEMENT

The Company has a contract agreement with Federal Express Europe Inc. and Co. (FedEx) under the Global Service Participant Scheme of FedEx. The Agreement provides for the movement of sensitive documents and parcels worldwide and supported with training and Information Technology.

FOR THE YEAR ENDED 31 MARCH 2017

On 21st September 2016, the Company signed a contract agreement with TNT Management (Bahrain) E.C. TNT was acquired by Federal Express Europe Inc. on May 25, 2016, and operates as a business entity under direct control of FedEx. Under the Agreement, the Company will provide certain services to TNT, mainly the delivery of TNT's international express consignment destined for Nigeria.

There is no service fees payable. All transactions are done at arm's length basis. Also the Company made it's first Foray into Niger Republic in October 2016 with Red Star Express, Niger.

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
- Economic & Financial Crimes Commission Act
- Independent and Corrupt Practices Act
- Foreign & Corrupt Practices Act
- International Corporate Governance Best Practices
- Red Star Express Plc Code of Business Conduct

DONATIONS/CHARITABLE GIFTS

The Company made donations amounting to N800,000 during the year ended 31 March 2017 (2016: N596,000).

	N	
Beneficiaries	**2017 (N)**	**2016 (N)**
Institute of Directors of Nigeria	500,000	-
University of Lagos Records Office	50,000	-
Emerald High School	100,000	-
Adeola Ajayi Residents Association	150,000	-
Rebisi Heritage Foundation	-	150,000
Committee Encouraging Corporate Philanthropy	-	100,000
Gopal Kankani - Indian Cultural Event	-	100,000
Loyola Jesuit College	-	50,000
USA Embassy -National Day Celebration	-	196,000
TOTAL	800,000	596,000

TAXATION

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

PROPERTY, PLANT AND EQUIPMENT

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

FOR THE YEAR ENDED 31 MARCH 2017

EMPLOYMENT OF DISABLED PERSONS
Red Star Express maintains equal employment opportunity for all persons. Therefore, there is no discrimination in the consideration of applications for employment including those of physically challenged persons. All are given equal opportunity 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 2017, no disabled person was employed by the Company.

EMPLOYEE INVOLVEMENT AND TRAINING
In line with Red Star Express Plc commitment 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
Employees of Red Star Express are its most priced assets, therefore ensuring their safety and wellbeing is paramount. The Company continues to sensitize staff and provide state of the art equipment for the safety of employees, both in the office and on the roads. We ensure our trucks, vans and motorcycles are well maintained at all times.

Employees and members of their immediate families have access to free health care, under the Health Management Organization (HMO) Scheme.

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 a Group Personal Accident and NSITF insurance Scheme, Contributory Pension Scheme, all for the benefit and comfort of employees.

EVENTS AFTER THE REPORTING DATE
There have been no material events after the reporting date, which could have had a material effect on the financial statements of the Group as at 31 March 2017 and the profit for the year ended on that date which have not been adequately provided for or recognized.

AUDITORS
The auditors, Messrs. Ernst & Young have indicated their willingness to continue in office in accordance with section 357(2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. A resolution approving this will be passed at the Annual General Meeting.

FAkpomuka

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

Corporate Governance

Date: 30/JUNE/2017

FOR THE YEAR ENDED 31 MARCH 2017

GOVERNANCE STRUCTURE

Red Star Express Plc is committed to ensuring sound corporate governance principles are maintained throughout the Group. The Group abides by applicable rules and regulations of corporate Governance and maintains best practices.

During the period under view, the Directors and staff complied with applicable rules and regulations.

THE BOARD

The Board has as its main responsibility the duty of setting the strategic direction for the Company as well as maintaining oversight function on other activities of Management.

The Board is made up of nine (9) Directors, possessing relevant knowledge and skills in the fields of Accounting, Insurance, Strategy and Corporate Governance, Sales and Marketing amongst others.

The Board is made up of a Non-Executive Chairman, five (5) Non-Executive Directors and three (3) Executive Directors. The position of the Chairman and Managing Director are separate. The responsibilities of the Board are as contained in the Board Charter.

Membership of the Board during this period are:

I.	Dr. Mohammed Koguna
II.	Mr. Sule Umar Bichi
III.	Mr. Olusola Obabori
IV.	Mr. Victor Ukwat
V.	Mr. Auwalu Babura
VI.	Mr. Isaac Orolugbagbe
VII.	Alh. Aminu Dangana
VIII.	Prof. Chris Ogbechie
IX.	Mr. Suleiman Koguna

The contract of Mr. Sule Umar Bichi as GMD/CEO expired on August 31 2016 and Mr. Olusola Obabori effectively assumed office as GMD/CEO on September 1, 2016.

Mr. Bichi has since been appointed Non-Executive Director with effect from 1 September 2016 and brings on board experience acquired over the years to support the Company towards realizing its strategic objectives.
A brief resume of the Directors can be found on the Company's website.

BOARD COMMITTEES

Strategy and Business Development Committee

This committee is charged with the responsibility basically to review and advice on long term strategy and major business initiatives of the Company. The committee is comprised of the Executive Directors and two Non-Executive Directors.

Governance, Nomination and Remuneration Committee
This committee is comprised solely of Non-Executive Directors. The Committee's terms of reference are in line with SEC Code of Corporate Governance 2011.

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

Audit Committee
The responsibilities of the Audit committee are governed by Section 359 (6) of the Companies and Allied Matters Act, CAP C20, LFN 2004. The committee is comprised of two (2) Non-Executive Directors and two (2) shareholders representatives.

MANAGEMENT COMMITTEE

Group Executive Committee
This is the highest governing body of Management and headed by the Group Managing Director, supported by the Executive Directors, Divisional Managing Directors and Head of Corporate Resources. The Group Executive Committee (GEC) meets bi-weekly or as business need demands to deliberate on implementation of Board strategies and ensure effective and efficient deployment of Company resources. Whilst the Management team at subsidiary levels meet weekly or as business demands.

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, including quarterly publication of the Group performance in the newspapers.

SHAREHOLDERS COMPLAINTS POLICY
In line with the directive by the Securities and Exchange Commission, the Company has put in place a Shareholders Complaints Management Policy, aimed at standardizing the procedure for shareholders to bring to the attention of the company complaints regarding their shareholding and how these may be addressed. The policy is available on the company's website - www.redstarplc.com

THE COMPANY SECRETARY
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 2017

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

OLUSOLA PETER OBABORI
MANAGING DIRECTOR/CEO
FRC/2016/IODN/00000015290

30/JUNE/2017

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 2017 and report as follows:

(a) The accounting and reporting policies of the Company are consistent with legal requirements and agreed ethical practices.

(b) The scope and planning of the external audit was adequate.

(c) The Company maintained effective systems of accounting and internal controls during the year.

(d) The Company's Management has adequately responded to matters covered in the Management report issued by the external auditors.

ISAAC OROLUGBAGBE
FRC/2013/ICAN/00000003809
Chairman – Audit Committee

30/JUNE/2017

Members of the Audit Committee

Ganiyu Kola Amoo	Independent shareholder
Chief Cyril I. Ugwumadu	Independent shareholder
Sulaiman Lawan Koguna	Non-Executive Director
Mr. Isaac Orolugbagbe	Non-Executive Director

Secretary
Frances N. Akpomuka

Independent Auditors' Report

TO THE MEMBERS OF RED STAR EXPRESS PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Red Star Express Plc (the "Company") and its subsidiaries (collectively the "Group") which comprise the consolidated and separate statements of financial position as at 31 March 2017, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Red Star Express Plc and its subsidiaries as at 31 March 2017, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the relevant provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of Red Star Express Plc and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Red Star Express Plc and its subsidiaries. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

TO THE MEMBERS OF RED STAR EXPRESS PLC – continued

<table>
<tr><th>Key Audit Matters</th><th>How the matter was addressed in the audit</th></tr>
<tr><td>Impairment of Trade Receivables
(Consolidated financial statements)

During the year, the Group's trade receivables of N1.9billion were impaired and partially provided for N114million.

The allowance for impairment involves management judgment and review of individual receivable balances in accordance with IAS 39- Financial Instruments (recognition and measurement). This is based on the following criteria:
• individual customer's prior payment record
• current economic trends
• a breach of contract, such as a default or delinquency in interest or principal payments
• analysis of historical bad debts of a similar type
• average credit period days per customer
• going concern status of the customer
The determination of the allowance for impairment of receivables is a key audit matter at it requires the use of management's judgement in determining the extent at which each of the trade receivables are impaired.

Also the account receivable balance is considered significant

The disclosure of the impairment of the receivables is set out in Note 17 to the consolidated and separate financial statements.</td><td>Our audit procedures in relation to impairment of trade receivables include:

• We tested the trade receivables impairment to verify that it is performed in accordance with the entity's accounting policies and applicable financial reporting framework.

• We ascertained that receivables are measured at amortised cost using the effective interest rate method less allowance for impairment.

• We reviewed the basis of management's judgements for each trade receivable as well as periodic reports prepared to validate management's position.

• We performed our audit reasonableness tests calculation on trade receivables impairment and compared with the Company's estimates</td></tr>
<tr><td>'Estimates on Defined Benefit Plan
(Consolidated financial statements)

The Group contributes to a duly registered gratuity scheme operated by Red Star Retirement Benefit Scheme; employees are eligible to join the scheme after 3 years of continuous service to the Company.

The cost of the defined benefit pension plan and the present value of the obligation are determined using actuarial valuations.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. There are complexities involved in the valuation and it has a long-term nature, a defined benefit obligation is highly sensitive to changes in the assumptions made.

We consider this a key audit matter due to the significance of the amount and the fact that the actuarial assumptions used in the estimate of defined benefit plan are judgmental particularly with respect to the determination of the discount rates, future salary increases, mortality rates and future pension increases.

The disclosure of the estimates on defined benefit plan is set out in Note 23 to the consolidated and separate financial statements.</td><td>Our audit procedures in relation to actuarial valuation of defined benefit obligation include:

• We reviewed the valuation methodology for compliance with IFRS. We evaluated whether the actuarial methodologies are consistent with those used in the prior periods.

• We assessed the competence, independence and objectivity of the actuarial specialists engaged by the Company.

• We tested the accuracy and completeness of the underlying data used in the actuarial valuations by checking to the financial bases and demographic assumptions and other data.

• We obtained the actuarial valuation of the Group which was computed by an Independent Specialist. We reviewed the methodologies used in determining the reasonableness of the underlying data and assumptions used.</td></tr>
</table>

TO THE MEMBERS OF RED STAR EXPRESS PLC – continued

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, Corporate Governance, Report of the Audit Committee, Statement of Value Added and Five-Year Financial Summary as required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and the relevant 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 and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

TO THE MEMBERS OF RED STAR EXPRESS PLC – continued

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and the Company audit. We remain solely responsible for our audit opinion.

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

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

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

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:

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

In our opinion proper books of account have been kept by the Group and the Company, in so far as it appears from our examination of those books; and

The Group and the Company's Consolidated and Separate Statements of Financial Position and Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income are in agreement with the books of account.

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

30 June 2017

Consolidated & Separate Statement

OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

		The Group		The Company	
	Note	2017	2016	2017	2016
		N '000	**N '000**	**N '000**	**N '000**
Revenue	4	7,298,642	6,632,996	4,049,921	3,815,253
Cost of Sales		(5,111,140)	(4,674,470)	(2,733,636)	(2,524,020)
GROSS PROFIT		**2,187,502**	**1,958,526**	**1,316,285**	**1,291,233**
Administrative expenses	6	(1,581,340)	(1,399,250)	(1,036,988)	(962,679)
Other operating income	5	50,464	16,204	121,975	87,831
Total operating profit		**656,626**	**575,480**	**401,272**	**416,385**
Finance income	7	17,684	7,415	16,594	6,810
Finance cost		(21,110)	(10,788)	(9,524)	-
PROFIT BEFORE TAXATION	**8**	**653,200**	**572,107**	**408,342**	**423,195**
TAXATION	9.1	(226,444)	(237,680)	(93,665)	(159,415)
PROFIT AFTER TAXATION		**426,756**	**334,427**	**314,677**	**263,780**
Other comprehensive income/ (loss) to be reclassified to profit or loss					
Fair value loss on available for sale investments		(91)	(33)	(91)	(33)
Reclassification adjustments for loss included in profit or loss		91	33	91	33
Other comprehensive income/ (loss) to be reclassified to profit or loss		-	-	-	-
Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods.					
Re-measurement gain (loss) on defined benefit plan	23.2	610	32,899	610	32,899
Tax effect	15.1	(183)	(9,870)	(183)	(9,870)
Other comprehensive income/loss for the year, net of tax		**427**	**23,029**	**427**	**23,029**
Total comprehensive income/loss for the year, net of tax		**427,183**	**357,456**	**315,104**	**286,810**
Profit attributable to ordinary equity holders		**426,756**	**334,427**	**314,677**	**263,780**
Total comprehensive income/loss for the year attributable to ordinary equity holders		**427,183**	**357,456**	**315,104**	**286,810**
Earnings per share (kobo)	10				
Basic, profit for the year attributable to ordinary equity holders		0.72	0.57	0.53	0.45

See notes to the financial statements.

Consolidated & Separate Statement
Continued

AS AT 31 MARCH 2017

		The Group		The Company	
	Note	2017	2016	2017	2016
		N'000	N'000	N'000	N'000
ASSETS					
Non-current assets					
Property, plant & equipment	11	1,150,232	882,393	573,030	512,269
Intangible assets	12	18,172	5,359	18,168	5,345
Prepayments	13	22,968	14,736	24,468	16,236
Available for sale instrument	14.1	477	568	477	568
Investment in subsidiary	14.2	-	-	284,065	284,065
Total non-current assets		**1,191,849**	**903,056**	**900,208**	**818,483**
Current assets					
Inventories	16	47,356	61,179	43,494	53,541
Trade and other receivables	17	2,520,269	2,083,023	1,900,419	1,538,774
Current prepayments	13	158,422	73,799	106,732	53,356
Cash and cash equivalents	19	513,661	635,134	443,464	485,068
Total current assets		**3,239,708**	**2,853,135**	**2,494,109**	**2,130,739**
TOTAL ASSETS		**4,431,557**	**3,756,191**	**3,394,317**	**2,949,222**
EQUITY AND LIABILITIES					
Equity					
Share capital	20	294,748	294,748	294,748	294,748
Share premium	21	296,433	296,433	296,433	296,433
Retained earnings		**1,840,867**	**1,620,862**	**1,199,858**	**1,091,932**
Total equity		**2,432,048**	**2,212,043**	**1,791,039**	**1,683,113**
Liabilities					
Non-current liabilities					
Employee benefit liabilities	24.1	49,176	24,781	49,176	24,781
Deferred tax liabilities	15	150,623	109,174	33,283	31,009
Finance lease obligation	22.2	48,903	-	-	-
Total non-current liabilities		**248,702**	**133,955**	**82,459**	**55,790**

FOR THE YEAR ENDED 31 MARCH 2017

		The Group		The Company	
	Note	2017	2016	2017	2016
Current liabilities		**N'000**	**N'000**	**N'000**	**N'000**
Trade and other payables	24	1,526,286	1,122,985	1,411,402	1,051,771
Interest bearing loan	22.1	-	30,322	-	-
Finance lease obligation	22.2	18,077	-	-	-
Income tax liabilities	9.2	206,444	256,886	109,418	158,548
Total current liabilities		**1,750,807**	**1,410,193**	**1,520,820**	**1,210,319**
Total liabilities		**1,999,509**	**1,544,148**	**1,603,279**	**1,266,109**
TOTAL EQUITY AND LIABILITIES		**4,431,557**	**3,756,191**	**3,394,317**	**2,949,222**

The financial statements were approved by the Board on 22nd of June 2017 and signed on its behalf by:

Dr. Mohammed Hassan Koguna
Chairman

30/JUNE/2017
FRC/2013/CIIN/00000003090

Olusola Peter Obabori
Managing Director/CEO

30/JUNE/2017
FRC/2016/IODN/00000015290

Auwalu Badamasi Babura
Finance Director

30/JUNE/2017
FRC/2016/ICAN/00000014402

See notes to the financial statements.

Consolidated & Separate Statement

OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

The Group

	Issued Capital	Share Premium	Retained Earnings	Total
	N'000	N'000	N'000	N'000
As at 1 April 2016	**294,748**	**296,433**	**1,620,862**	**2,212,043**
Profit for the year			426,756	426,756
Other comprehensive income:				
- Re-measurement gain/(loss) on defined benefit plan			(427)	(427)
Dividend (Note 27)			(206,324)	(206,324)
As at 31 March 2017	**294,748**	**296,433**	**1,840,867**	**2,432,048**
Consolidated statement of changes in equity				
for the year ended 31 March 2016				
	Issued Capital	Share Premium	Retained Earnings	Total
	N'000	N'000	N'000	N'000
As at 1 April 2015	**294,748**	**296,433**	**1,469,730**	**2,060,911**
Profit for the year	-	-	334,427	334,427
Other comprehensive income:				
- Re-measurement gain/ (loss)on defined benefit plan			23,029	23,029
Dividend (Note 27)	-	-	(206,324)	(206,324)
As at 31 March 2016	**294,748**	**296,433**	**1,620,862**	**2,212,043**

OF CHANGES IN EQUITY - Continued

FOR THE YEAR ENDED 31 MARCH 2017

The Company

	Issued Capital	Share Premium	Retained Earnings	Total
	N'000	N'000	N'000	N'000
As at 1 April 2016	**294,748**	**296,433**	**1,091,932**	**1,683,113**
Profit for the year			314,677	314,677
Re-measurement gain/(loss) on defined benefit plan			(427)	(427)
Dividend (Note 27)			(206,324)	(206,324)
As at 31 March 2017	**294,748**	**296,433**	**1,199,858**	**1,791,039**
Consolidated statement of changes in equity for the year ended 31 March 2016				
	Issued Capital	Share Premium	Retained Earnings	Total
	N'000	N'000	N'000	N'000
As at 1 April 2015	**294,748**	**296,433**	**1,011,446**	**1,602,627**
Profit for the year	-	-	263,780	263,780
Re-measurement gain on defined benefit plan	-	-	23,029	23,029
Dividend (Note 27)			(206,324)	(206,324)
As at 31 March 2016	**294,748**	**296,433**	**1,091,932**	**1,683,113**

Consolidated & Separate Statement

OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

		The Group		The Company	
	Note	**2017**	**2016**	**2017**	**2016**
		N'000	N'000	N'000	N'000
CASHFLOW FROM OPERATING ACTIVITIES					
Cash received from customers		6,816,416	6,767,168	3,784,252	4,525,815
Cash paid to suppliers and employees		(6,211,958)	(6,416,731)	(3,537,409)	(4,441,026)
Tax paid	9.2	(75,792)	(53,886)	(28,045)	(15,281)
Net cash provided by operating activities	**27**	**528,666**	**296,551**	**218,798**	**69,508**
CASHFLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	11	(437,226)	(123,328)	(180,070)	(73,616)
Purchase of intangible assets	12	(20,198)	(1,337)	(20,198)	(1,337)
Proceeds from sale of property plant and equipment		5,942	18,439	4,549	5,913
Interest received		17,684	7,415	16,594	6,810
Dividend received	5	-	-	97,392	87,204
Net cash outflow from investing activities		**(433,797)**	**(98,811)**	**(81,733)**	**24,974**
CASHFLOW FROM FINANCING ACTIVITIES					
Dividend paid	28	(185,691)	(193,780)	(185,691)	(193,780)
Interest paid		(21,110)	(10,788)	-	-
Repayment of borrowing	22	(35,341)	(33,436)	-	-
Net cash outflow from financing activities		**(242,142)**	**(238,004)**	**(185,691)**	**(193,780)**
Net increase/ (decrease) in cash and cash equivalents		(121,473)	(40,264)	(41,604)	(99,298)
Net foreign exchange difference		18,780		7,022	
Cash and cash equivalents at the beginning of the year		635,134	675,398	485,068	584,366
Cash and cash equivalents at the end of the year	**18**	**513,661**	**635,134**	**443,464**	**485,068**

Notes to The Financial Statements

31 MARCH 2017

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 Babura 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 Group is principally engaged in the provision of courier services, mail management services, freight services, logistics, warehousing and general haulage.

2.1 Basis of preparation and adoption of IFRS

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

2.2 Functional currency, presentation currency and the level of rounding

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

2.3 Significant accounting judgments, estimates and assumptions

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

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

Judgements

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

31 MARCH 2017

2.3 Significant accounting judgments, estimates and assumptions - continued

2.3.1 Impairment of trade receivables

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.

2.3.2 Going concern

The company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.3.3 Impairment of available-for-sale investments

The company records impairment charges on available-for-sale investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Company evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost. The fair value loss is more than 6 months.

The impairment loss on available-for-sale investments is disclosed in more detail in Note 14.

ESTIMATES AND ASSUMPTION

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described 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 that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2.3.4 Useful lives of Property, plant and equipment

The Group carries its property, plant and equipment at cost in the statement of financial position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life.

The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

The Group reviewed and estimated the useful lives and residual values of its property, plant and equipment, and account for such changes prospectively.

2.3.5 Useful lives of Intangible assets

The group's intangible assets include purchased computer software and software licences with finite useful lives.

Estimates and assumptions made to determine their carrying value and related amortisation are critical to The Group's financial position and performance. The charge in respect of periodic impairment is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life.

The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar intangible assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2.3.6 Defined Benefit Plan

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

3. Summary of significant accounting policies

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

3.1 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are 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. The amortisation method and the useful life are reviewed annually.

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

3.2 Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost but subsequently recognized at cost less accumulated depreciation and accumulated impairment loss.

Cost comprises the cost of acquisition and costs directly related to the acquisition up until the time when the asset is available for use. In the case of assets of own construction, cost comprises direct and indirect costs attributable to the construction work, including salaries and wages, materials, components and work performed by subcontractors.

Replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

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

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

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

Plants & Machinery

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

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

Motor Vehicle (MV4, Trucks and Trailers)

Trucks should be depreciated in 3 –6 years i.e. 3 years for fairly used trucks and 6 years for brand new ones. Trailers to be depreciated in 4-8years 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

3 Summary of significant accounting policies - continued

Furniture, Fittings & Equipment (FFE)

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

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

Computer Equipment - This consists of Computers, UPS, scanners and modems.
An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

3.3 Earnings per share

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

3.4 Impairment of non-financial assets

Property, plant and equipment and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or in the case of indefinite life intangibles, then the asset's (CGU's) recoverable amount is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash-generating units (CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGUs). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, Impairment losses on non-revalued assets are recognised in the income statement as an expense, while reversals of impairment losses are also stated in the income statement.

3 Summary of significant accounting policies continued

3.5 Inventories

Inventories are valued at the lower of cost and net realizable. Costs of inventories shall comprise of the costs of bringing the inventories into its present location and condition.

Net Realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
Purchase cost on a first in, first out basis.

3.6 Financial instruments

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

- Financial Asset

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets.

Red Star Express Plc determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs, except in the case of financial assets measured at fair value through profit or loss where transaction costs are recognised as an expense when incurred.

The group's financial assets include cash and cash equivalents, trade and other receivables. It also has an investment in Neimeth International Pharmaceuticals, which per note 14 are classified as available for sale.

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

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

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

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3. Summary of significant accounting policies - continued

Available-for-sale (AFS) financial assets

AFS financial assets include equity investments and debt securities. The Group only have equity investment which is classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in administrative costs.

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

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

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

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

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

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3. Summary of significant accounting policies - continued

- **Financial Assets carried at amortised cost**

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

- **AFS financial assets**

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss – is removed from OCI and recognised in the profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

- **Financial liabilities**

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

The Group 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. It also has borrowings in the form of a lease obligation from Financial Derivatives Company.

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3 Summary of significant accounting policies - continued

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 profit or loss.

3.7 Cash and cash equivalents

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

3.8 Taxes

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in Nigeria. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the profit or loss.

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

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3 Summary of significant accounting policies continued

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:

- WheretheVATincurredonapurchaseofassetsorservicesisnotrecoverablefromthetaxationauthority,inwhich case,theVATisrecognisedaspartofthecostofacquisitionoftheassetoraspartoftheexpenseitem,asapplicable.
- Receivables and payables are stated with the amount of VAT included
- The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.9 Borrowing costs

Specific borrowing costs on directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized from the date the actual costs on the qualifying assets are incurred. Where such borrowed amount, or part thereof, is invested, the income earned is netted off the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they occur.

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

3.10 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue from services rendered such as courier services, mail management services, freight services, logistics, ware housing and general haulageto customers is recognised as soon as the recipient of the services has signed off that such services has been rendered.

Rental Income

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

3 Summary of significant accounting policies continued

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

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

Appropriation to RSE Foundation
In 2004, the Group in its Annual General Meeting approved the establishment of Red Star Foundation, which the Group used to carry out social responsibility for the benefit of its immediate community in particular and the society in general. The Board resolved that 0.5% of its profit after tax to be appropriated annually in support of its Education Foundation.

3.11 Lease
- **Group as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss.

3.12 Foreign currency

Monetary assets and liabilities denominated in a foreign currency are translated into Naira at the spot rate of exchange ruling at reporting date. Differences arising on settlement or translation of monetary items are recognised in income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.13 Segment Reporting

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

3 Summary of significant accounting policies continued

3.14 Employees' benefits

Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to Pension Fund Administrators on a statutory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. The Group operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employer and the employee contributions are 10% and 8% respectively of the qualifying employee's salary.

Defined Benefit Plan

The Group also contributes to a duly registered gratuity scheme operated by Red Star Retirement Benefit Scheme; employees are eligible to join the scheme after 3 years of continuous service to the company.
The benefits payable to employees on retirement or resignation are accrued over the service life of the employee concerned based on their salary and the cost charged to the income statement.
The liability recognised in the statement of financial position in respect of defined gratuity scheme is the present value of the gratuity obligation at the date of the statement of financial position less the fair value of any plan asset. Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

3.15 Share capital and reserves

Share issue costs

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

Dividend on ordinary shares

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

3.16 Basis of Consolidation

The consolidated and separate financial statements comprise the financial statements of the Red Star Express Plc and its subsidiaries as at 31 March 2017.
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.

3 Summary of significant accounting policies - continued

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises both assets and liabilities of the subsidiary and the related non-controlling interest. Investments in the subsidiaries are measured at cost value. The Group determines control over the subsidiaries as it holds 100% of their entire shareholdings.

Investments in subsidiaries are recognised and measured at cost in the separate financial statements of the Group.

3.17 Standards issued but not yet effective

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

List of standard issued but not effective as at 31 March 2017.

1. IFRS 9 – Financial instruments – 1 January 2018
2. IFRS 15 - Revenue from Contracts with customers – 1 January 2018
3. Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions – 1 January 2018
4. Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - 1 January 2018
5. Amendments to IAS 40: Transfers of Investment Property – 1 January 2018
6. IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration – 1 January 2018
7. IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice – 1January 2018
8. IFRS 16 – Leases – 1 January 2019

3 Summary of significant accounting policies - continued

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2014) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

The Group plans to adopt the new standard on the required effective date. During the year, the Group performed an impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

The Group is in the business of providing courier and logistics related services. The services are sold both on its own in separate identified contracts with customers and together as a bundled package of goods and/or services.

Currently, the Group accounts for its services across its different segments as separate deliverables of bundled sales and allocates consideration between these deliverables using the relative fair value approach. The Group recognises service revenue by reference to the time of delivery. As a result, the allocation of the consideration and, consequently, the timing of the amount of revenue recognised in relation to these sales may be impacted. The Group has preliminarily assessed that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, the Group would continue to recognise revenue for these service contracts/service components of bundled contracts over time rather than at a point of time.

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

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

IAS 40 Transfers of Investment Property - Amendments to IAS 40
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date.

Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight. The amendments will eliminate diversity in practice. Amendment to IAS 40 is effective for annual periods beginning on or after 1 January 2018, early application of the amendments is permitted and must be disclosed.

Application of this amendments will not impact on the entity's financial statements.

IFRS 16 - Leases

Effective for annual periods beginning on or after 1January 2019. Early application is permitted, but not before an entity applies IFRS 15. The key features of the amendment are:

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).
- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

This will not impact the Company's financial statements.

3.18 Standards that became effective during the financial year.

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

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3 **Summary of significant accounting policies - continued**

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarifies that:

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

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

IFRIC 21 Levies

IFRIC 21 is applicable to all levies other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation. Levies are defined in the interpretation as outflows of resources embodying economic benefits imposed by governments on entities in accordance with legislation.

The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognised before the specified minimum threshold is reached.

The interpretation does not address the accounting for the debit side of the transaction that arises from recognising a liability to pay a levy. Entities look to other standards to decide whether the recognition of a liability to pay a levy would give rise to an asset or an expense under the relevant standards. The interpretation is effective for annual periods beginning on
or after 1 January 2014. The interpretation must be applied retrospectively. Early application is permitted and must be disclosed. This interpretation does not have impact on the current Group's financial statements.

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

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

Amendments to IAS 40 – Investment property: Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment clarifies that IFRS 3, not the description of ancillary services in IAS 40, is used to determine whether the transaction is the purchase of an asset or business combination. The amendment must be applied prospectively.

This amendment does not have any impact on the current Group's financial statements.

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3 Summary of significant accounting policies – continued

IFRS 13 Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

3 Summary of significant accounting policies – continued

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

As at 31 March 2017			Fair value measurement using		
	Date of valuation Total	Total (N)	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Assets measured at fair value					
AFS Financial Assets (Note 14)					
Quoted equity shares	31.03.2017	477	477		
Liabilities for which fair values are disclosed					
Interest-bearing loans and borrowings (Note 22)					
Fixed rate loan	31.03.2017	66,980			66,980

As at 31 March 2016			Fair value measurement using		
	Date of valuation Total	Total (N)	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Assets measured at fair value					
AFS Financial Assets (Note 14)					
Quoted equity shares	31.03.2016	568	568		
Liabilities for which fair values are disclosed					
Fixed rate loan	31.03.2016	30,321			30,321

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

3.19 Fair value measurement

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

	Carrying amount		Fair value	
	2017	**2016**	**2017**	**2016**
	N'000	N'000	N'000	N'000
Financial assets				
Quoted equity shares	477	568	477	568
Total	**477**	**568**	**477**	**568**
Financial liabilities				
Interest bearing loan and borrowing	66,980	30,321	66,980	31,685
Total	**66,980**	**30,321**	**66,980**	**31,685**

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

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

		The Group		The Company	
		2017	2016	2017	2016
		N '000	**N '000**	**N '000**	**N '000**
4	**Revenue**				
	Analysis by services				
	Courier	4,049,921	3,815,253	4,049,921	3,815,253
	Logistics (note 4i)	1,213,452	1,050,878	-	-
	Freight (note 4ii)	535,843	301,862	-	-
	Support services (note 4ii)	1,510,476	1,465,003	-	-
		7,298,642	**6,632,996**	**4,049,921**	**3,815,253**

4i. Logistics relates to services involving warehousing and chain distribution services.
4ii Freight services is involved in clearing and forwarding of goods (importation and export services).
4iii. Support services relates to mail room management and other delivery services.

5	**Other operating income**				
	Dividend from subsidiaries	-	-	97,392	87,204
	Exchange gain	25,802	-	7,022	-
	Sundry income (note5i)	24,470	16,204	17,369	627
	Gain on disposal of PPE	192	-	192	-
		50,464	**16,204**	**121,975**	**87,831**

5i. Sundry income relates to recovery of bad debt and insurance claims received.

6	**Administrative expenses**				
	Annual general meeting expenses	5,749	5,274	5,682	2,323
	Audit fee	14,300	13,492	11,000	10,000
	Impairment on receivable	155,250	112,924	78,929	93,646
	Bank charges	16,266	15,863	11,501	8,550
	Communication and telephone	67,386	57,678	57,941	51,090
	Amortisation of intangible assets	7,385	6,607	7,371	6,441
	Depreciation	70,624	72,298	34,068	35,713
	Impairment loss on available for sale	91	33	91	33
	Fines and penalties	4,942	-	4,942	-
	Hotel accommodation and entertainment	44,499	46,879	36,347	36,400
	Employee benefit expenses	455,618	406,479	223,528	198,819
	Insurance	46,891	50,593	22,352	26,037
	Legal and professional charges	49,050	39,925	33,162	30,055
	Loss on disposal of fixed asset	-	3,244	-	4,174
	Medical	41,262	51,111	13,222	15,176
	Newspaper and periodicals	3,228	1,673	2,858	1,345
	Security expenses	42,883	39,377	28,251	26,691
	Power and water	141,911	98,483	131,703	97,177
	Printing and stationery	100,729	89,108	77,374	74,558
	Publicity and promotion	56,076	40,771	40,602	30,611
	Repairs and maintenance	123,972	141,535	111,154	124,776
	Subscriptions and donations	45,026	26,348	28,543	16,090
	Training	43,606	45,017	33,148	38,600
	Transportation and travelling costs	44,596	34,538	43,219	34,374
		1,581,340	**1,399,250**	**1,036,988**	**962,679**

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		The Group		The Company	
		2017	2016	2017	2016
		N '000	**N '000**	**N '000**	**N '000**
7	**Finance income**				
	Interest received from fixed deposit	17,684	7,415	16,594	6,810

8	**Profit before taxation was obtained**				
	After deducting:				
	Depreciation - Admin	70,624	72,298	34,068	35,713
	Depreciation – Cost of sales	165,011	168,695	79,491	83,329
	Amortization of intangible assets	7,385	6,607	7,371	6,441
	Impairment loss on available for sale	91	33	91	33
	Audit fee	14,300	13,492	11,000	10,000
	Loss/(profit) on disposal of fixed assets	(192)	3,244	(192)	4,170
	Directors emoluments	41,720	40,264	38,654	37,205
	Exchange gain	(25,802)	-	(7,022)	-
	Dividend received	-	-	(97,392)	(87,204)

9	**Taxation**				
9.1	**Statement of Comprehensive Income**				
	Income taxation	161,198	217,299	82,393	129,419
	Education tax	18,233	17,296	8,815	10,626
		179,431	234,595	91,208	140,045
	Tax back duty assessment	-	35,919	-	32,104
	Deferred tax liabilities	47,013	-	2,457	-
	Relating to origination& reversal	-	(32,834)	-	(12,734)
	of temporary differences				
		226,444	237,680	93,665	159,415

9.2	**Statement of Financial Position**				
	At the beginning of the year	256,886	241,977	158,548	134,111
	Current year tax provision	179,431	234,595	91,208	140,045
	Tax Back Duty Audit Assessment*	-	35,919	-	32,104
	Payment during the year	(75,792)	(53,886)	(28,045)	(15,281)
	Withholding tax credit utilized	(154,109	(201,720)	(112,293)	(132,431)
		206,444	**256,886**	**109,418**	**158,548**

*In 2016, the Federal Inland Revenue Service carried out a back-duty tax assessment on the Company and its subsidiaries for 2009 – 2013 financial year, and came up with additional income tax liability of N32,103,671 and N3,815,280 for the Company and one of its subsidiaries (Red Star Support Services) respectively.

9.3	**Reconciliation of income tax expense**				
	Non-deductible expenses for tax purpose				
	Profit before tax	653,200	572,107	408,342	423,195
	Nigeria's statutory income tax rate				
	of 30%	195,960	171,632	122,503	126,959
	Disallowable expenses	241,564	210,433	138,805	164,734
	Non-taxable income	(236,289)	(193,835)	(171,900)	(172,633)
	Back duty tax	-	35,919	-	32,104
	Education tax	18,233	17,296	8,815	10,626
	Investment allowance	6,976	(3,765)	(4,558)	(2,375)
	Income tax expense	**226,444**	**237,680**	**93,665**	**159,415**

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.

		Group		**Company**	
		2017	**2016**	**2017**	**2016**
		N'000	**N'000**	**N'000**	**N'000**
	Profit attributable to ordinary equity holders	426,756	334,427	314,677	263,780
	Weighted average number of ordinary shares for basic earnings per share	589,497	589,497	589,497	589,497
	Basic, profit for the year attributable to ordinary equity holders	**N0.72**	**N0.57**	**N0.53**	**N0.45**

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The Group – 31 March 2017

11. Property, plant and equipment

	Land	Building	Plant & Machinery	Motor Vehicles	Motor Cycle	Computer & Other IT Equipment	Furni-ture & Fittings	Capital work in progress	Total
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
COSTS									
At 1 April 2016	167,043	429,302	62,114	551,584	342,867	259,056	58,034	-	1,869,999
Addition	500	9,778	6,880	377,736	41,966	41,259	22,374	9,140	509,226
Disposals	-	-	-	(27,203)	-	-	-	-	(27,203)
At 31 March 2017	167,543	439,080	68,994	902,117	384,424	302,932	77,791	-	2,352,022
DEPRECIATION									
At 1 April 2016	-	46,991	31,706	339,147	329,576	195,878	44,308	-	987,606
Charge for the year		10,862	7,716	119,183	49,442	41,428	7,004	-	235,635
Disposal	-	-	-	(21,453)	-	-	-	-	(21,453)
At 31 March 2017	**-**	**57,853**	**39,422**	**436,877**	**379,018**	**237,306**	**51,312**	**-**	**1,201,790**
Net Book Value									
At 31 March 2017	167,543	378,307	30,440	465,479	5,166	64,793	27,265	9,140	1,150,232
At 31 March 2016	167,043	382,311	30,408	212,436	13,291	63,178	13,726	-	882,393

The Group – 31 March 2016

11. Property, plant and equipment

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

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The Company – 31 March 2017

11. Property, plant and equipment

	Land	Building	Plant & Machinery	Motor Vehicles	Motor Cycle	Computer & Other IT Equipment	Furniture & Fittings	Capital work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
COSTS									
At 1 April 2016	**89,647**	**292,786**	**53,740**	**193,783**	**74,515**	**247,917**	**36,517**	**-**	**988,904**
Addition	500	2,060	6,880	104,970	8,895	38,697	8,928	9,140	180,070
Disposals	-		-	(27,203)					(27,203)
At 31 March 2017	**90,147**	**294,846**	**60,620**	**271,550**	**83,410**	**286,614**	**45,445**	**9,140**	**1,141,771**
DEPRECIATION									
At 1 April 2016	**-**	**31,963**	**26,326**	**141,098**	**62,849**	**188,869**	**25,530**	**-**	**476,635**
Charge for the year		7,355	6,653	45,529	10,353	39,396	4,273		113,559
Disposal	-			(21,453)					(21,453)
At 31 March 2017	**-**	**39,318**	**32,979**	**165,174**	**73,202**	**228,265**	**29,803**	**-**	**568,741**
Net Book Value									
At 31 March 2017	**90,147**	**255,527**	**27,642**	**106,374**	**10,208**	**58,349**	**15,642**	**9,140**	**573,030**
At 31 March 2016	**89,647**	**260,822**	**27,414**	**52,684**	**11,667**	**59,047**	**10,988**		**512,269**

The Company – 31 March 2016

11. Property, plant and equipment

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

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12 Intangible assets

	Group	Company
Cost:	**N'000**	**N'000**
At 1 April 2015	44,895	43,870
Additions – externally acquired	1,337	1,337
Reclassification*	(525)	-
At 1 April 2016	45,707	45,207
Additions – externally acquired	20,198	20,198
At 31 March 2017	65,905	65,405
Amortization:		
At 1 April 2015	33,741	33,425
Amortization charge for the year	6,607	6,441
At 1 April 2016	40,348	39,866
Amortization charge for the year	7,385	7,371
At 31 March 2017	47,733	47,237
Net Book Value:		
At 31 March 2017	18,172	18,168
At 31 March 2016	**5,359**	**5,345**

*This was a reclassification from intangible asset to furniture and fittings. This reclassification was made as a result of wrong presentation of items in prior years.

The Group's intangible asset represents N65,905 investments on computer software and software licenses. This is to be amortised to profit or loss over a period of three years when the application is installed and put into use. There is no further contractual commitment to acquire intangible assets as at 31 March 2017.

13 Prepayment

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	N'000	**N'000**	**N'000**	**N'000**
Current portion	158,422	73,799	106,732	53,356
Non-current portion	22,968	14,736	24,468	16,236
At 31 March 2017	**181,390**	**88,535**	**131,200**	**69,592**
Opening Balance	88,535	73,996	69,592	55,262
Addition	183,060	109,545	162,344	96,855
Utilised in the year	(90,205)	(95,006)	(100,736)	(82,515)
Closing Balance	**181,390**	**88,535**	**131,200**	**69,592**

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

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14.1 Available for sale financial asset

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
At 1 April	568	601	568	601
Additions	-	-	-	-
Fair value loss	(91)	(33)	(91)	(33)
At 30 June	477	568	477	568

Impairment on available-for-sale investments

The Group assesses at each reporting date whether there is objective evidence that an investment in quoted shares is impaired. The objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration or extent to which the fair value of an investment is less than its cost. The available for sale investment - Neimeth International Pharmaceutical Plc is a listed entity on the Nigerian Stock Exchange.

Based on these criteria, the Company identify impairment of N91,000 (2016: N33,000) on available-for-sale investments in quoted equity shares for the year.

14.2 Investment in Subsidiaries

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Investment in subsidiaries measured at costs:				
Investment in Red Star Freight Limited	-	-	10,000	10,000
Investment in Red Star Support Services Limited	-	-	49,065	49,065
Investment in Red Star Logistics Limited	-	-	225,000	225,000
	-	-	**284,065**	**284,065**

The Consolidated financial statement of the Group include:

Name	Principal Activities	Country of Incorporation	% equity interest 2017	2016
Red Star Freight Limited	Freight and custom clearance	Nigeria	100%	100%
Red Star Supports Services Limited	Mail management and despatch services	Nigeria	100%	100%
Red Star Logistics Limited	Haulage and warehousing services	Nigeria	100%	100%

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		The Group		The Company	
		2017	**2016**	**2017**	**2016**
		N'000	**N'000**	**N'000**	**N'000**
15.1	**Deferred tax assets/(liabilities)**				
	At the beginning of the year	109,174	132,139	31,009	33,873
	Tax (income) or expenses during the period	41,632	(32,834)	2,457	(12,734)
	Tax income or (expenses) during the period recognized in OCI	(183)	9,870	(183)	9,870
	At the end of the year	**150,623**	**109,174**	**33,283**	**31,009**

		The Group		The Company	
		2017	**2016**	**2017**	**2016**
		N'000	**N'000**	**N'000**	**N'000**
15.2	**Deferred tax relates to the following:**				
	Accelerated depreciation				
	for tax purposes	192,128	143,182	74,584	59,607
	Provision for gratuity	(14,936)	2,961	(14,936)	2,961
	Provision for fair-value	(27)	(10)	(27)	(10)
	Impairment of receivables	(34,283)	(36,959)	(28,444)	(31,549)
	Exchange difference on trade and other receivables	7,741	-	2,107	-
	At the end of the year	**150,623**	**109,174**	**33,283**	**31,009**
16	**Inventories**				
	Stationeries and packaging				
	Materials	35,610	57,692	32,672	50,395
	Fuel & Oil	10,822	3,146	10,822	3,146
	Spares	924	341	-	-
		47,356	**61,179**	**43,494**	**53,541**

During 2017, N 521,978,502 and N 183,540,000 (2016: N483,456,531 and N203,675,457) was recognised as an expense for inventories carried at net realisable value for the Group and the Company respectively. This is recognised in cost of sales. There was no inventory write-down during the year.

17	**Trade and other receivables**				
	Trade receivables	1,887,381	1,632,215	1,137,594	1,030,136
	Receivable from Group companies (note 25)	-	-	456,455	178,471
	Other receivables (note 18)	632,888	450,808	306,370	330,167
		2,520,269	**2,083,023**	**1,900,419**	**1,538,774**

Trade receivables are non-interest bearing and are generally on terms of 30 to over 360 days.

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For terms and conditions relating to related party receivables, refer to Note 26.
As at 31 March 2017, trade receivables of an initial value of N114,274,689 (2016 N123,195,098), and N94,813,811 (2016: N105,164,155) were impaired and fully provided for by the Group and the Company respectively. See below for the reconciliation movements in the provision for impairment of trade receivables.

The Group

	Individually impaired N'000	Collectively impaired N'000	Total N'000
At 1 April 2015	94,753	-	94,753
Charge for the year	32,592	-	32,592
Utilised	(4,150)	-	(4,150)
At 1 April 2016	**123,195**	**-**	**123,195**
Charge for the year	156,680	-	156,680
Utilised	(10,350)	-	(10,350)
Unused amount reversed	(155,250)		(155,250)
At 31 March 2017	**114,275**	**-**	**114,275**

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

	Total N'000	Neither past due nor 0-90 Days N'000	91-180 Days N'000	Past due impaired but not impaired 181-270 Days N'000	271-360 Days N'000
2017	1,887,381	959,165	737,833	132,887	57,496
2016	1,632,215	669,169	699,853	208,874	54,319

The Company

	Individually impaired N'000'	Collectively impaired N'000'	Total N'000'
At 1 April 2015	**64,751**	**-**	**64,751**
Charge for the year	40,413	-	40,413
At 1 April 2016	105,164	-	105,164
Charge for the year	68,579	-	68,579
Unused amount reversed	(78,929)		(78,929)
At 31 March 2017	**94,814**	**-**	**94,814**

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

	Total N'000	Neither past due nor impaired 0-90 days N'000	91-180 days N'000	Past due but not impaired 181-270 days N'000	271-360 days N'000
2017	1,137,594	585,307	424,951	84,381	42,955
2016	1,030,136	520,188	393,884	61,745	54,319

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

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		The Group		The Company	
		2017	**2016**	**2017**	**2016**
		N'000	**N'000**	**N'000**	**N'000**
18	**Other receivables**				
	Unutilized WHT receipts	415,485	209,936	194,397	181,175
	Staff car advance	63,496	86,069	46,933	82,574
	Bank interest receivable	2,319	7,179	2,319	7,179
	Other staff operational advances*	151,588	147,624	62,721	59,239
		632,888	**450,808**	**306,370**	**330,167**

*These are advances to staff in the ordinary course of business operation, which are yet to be retired as at the year-end.

		The Group		The Company	
		2017	**2016**	**2017**	**2016**
		N'000	**N'000**	**N'000**	**N'000**
19	**Cash and bank balances**				
	Cash balances	1,109	2,701	892	365
	Cash -in- transit	46,499	42,615	44,382	42,615
	Bank balances	146,048	421,370	93,343	294,124
	Short term deposit	320,005	168,448	304,847	147,964
		513,661	**635,134**	**443,464**	**485,068**

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

		The Group		The Company	
		2017	**2016**	**2017**	**2016**
		N'000	**N'000**	**N'000**	**N'000**
20	**Share capital**				
	Authorized 1,000,000,000				
	Ordinary shares of 50 kobo each	500,000	500,000	500,000	500,000
	Issued and fully paid:				
	589,496,760 ordinary				
	shares of 50 kobo each	294,748	294,748	294,748	294,748
21	**Share premium**	**296,433**	**296,433**	**296,433**	**296,433**

Section 120.2 of Companies and Allied Matters Act requires that where a company issues shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium.

At an extraordinary general meeting held on 22 February 2007, the shareholders passed a resolution to raise additional capital through private placement by the creation of additional 75 million ordinary shares of 50 kobo each issued at N4 per share. The share premium increase from N43.8 million to N296.4 million for the year ended 31 March 2007.

22 Interest Bearing Loans and Borrowings

22.1 Interest bearing loan

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

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	N'000	**N'000**	**N'000**	**N'000**
As at 1 April		30,322	63,758	
Payment	(30,322)	(33,436)	-	-
As at 31 March	-	30,322		

22.2 Finance Lease Obligation

Red Star Support Services Limited (a subsidiary company) entered into a lease agreement with Financial Derivative Company Limited who granted a loan of N 72,000,000 in 2016 to finance the acquisition of 3 units of Toyota Coaster buses. The duration of the loan is for 48 months with an interest rate of 21%. The loan is secured by Lessor's legal ownership of the equipment particularly contained in the invoice including all replacements and renewals thereof and all accessories and additions thereto whether made before or after the agreement and throughout the duration of the lease.

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	N'000	**N'000**	**N'000**	**N'000**
Lease	72,000	-	-	-
Payments	(5,020)	-	-	-
Total lease balance loan	66,980	-	-	-

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	N'000	**N'000**	**N'000**	**N'000**
Long-term	48,903	-	-	-
Short-term	18,077	30,322	-	-
Total term loan	66,980	30,322		

Further disclosure on the finance lease arrangement is made in Note 34 – Commitments and contingencies.

23.1 Post-employment Gratuity Plans

The Group operates a non-contributory gratuity scheme. The entitlement of the employees are based on applicable emoluments and qualifying years of service at the time of leaving the Company. The contributions are remitted to the Initiative on monthly basis over the employees' period of service.

The asset of the plan are held in a separate fund administered by the Trustee to meet the long term gratuity liabilities of retired employees. The Trustee is required to act in the best interest of the beneficiary. The Trustee which is appointed by the Board is responsible for preparing proper accounting records of the scheme, safeguarding assets and taking reasonable steps to prevent and detect fraud and any other irregularities. The Trustee actively monitors how the duration and the expected yield of the plan assets match the expected cash flows from the gratuity obligations. The trust deed specify that assets of the fund are not available for the Group for other uses and must be used only to fund defined pension obligation.

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

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

Investment Type		**2017**		**2016**	**Nature**
Investment Property		104,690,956		106,918,423	Buildings (Unquoted)
Investment in Shares		2,954,839		2,750,178	Quoted
FGN Bond		367,446,850		113,171,223	Quoted
Treasury bills		59,317,477		163,436,428	Quoted
Cash and Bank		39,424,907		154,593,247	Unquoted
Total		**622,357,025**		**540,869,499**	

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

		2017	**2016**
		N'000	**N'000**
	Net employee defined benefit liabilities	(49,176)	(24,781)

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

23.2 2017 changes defined benefit obligation

	Pension obligation charged to profit or loss					Re-measurement (gains)/losses in other comprehensive income					
	1-Apr-15	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31 March 2017
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Defined benefit obligation	(565,651)	(74,076)	(83,165)	(157,241)	59,626	-	8,267	-	8,267		(671,532)
Fair value of plan assets	540,870	-	70,313	52,181	(59,626)	-	(7,657)		(7,657)	63,142	622,356
Benefit liability	(24,781)			(86,928)	-	-	610	-	610	70,246	(49,176)

2016changes defined benefit obligation

	Pension obligation charged to profit or loss					Re-measurement (gains)/losses in other comprehensive income					
	1-Apr-15	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31 March 2017
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Defined benefit obligation	(547,892)	(90,221)	(63,811)	(154,032)	91,256	-	45,018	-	45,018		(565,651)
Fair value of plan assets	521,817	-	52,181	52,181	(91,256)	-	(12,119)		(12,119)	70,246	540,870
Benefit liability	(26,075)			(101,851	-	-	32,899	-	32,899	70,246	(24,781)

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

	2017	2016
	%	%
Discount rate	13	10
Future salary increases	5	5
Mortality rate	8	8

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

	Future salary increases		Discount rate		Mortality rate	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease	I year improvement	1 year deterioration
	N'000	N'000	N'000	N'000	N'000	N'000
2017 Impact on defined benefit obligation	552,876	565,652	553,518	578,877	566,769	564,278
2016 Impact on defined benefit obligation	552,876	565,652	553,518	578,877	566,769	564,278

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

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

	2017	2016
	N'000	N'000
Within the next 12 months (next annual reporting period)	115,398	104,907
Between 2 and 5 years	346,528	315,025
Between 5 and 10 years	808,565	735,059
Beyond 10 years	924,074	840,067
Total expected payments	2,194,564	1,995,058

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

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		The Group		The Company	
		2017	2016	2017	2016
		N'000	N'000	N'000	N'000
24.	**Trade and other payables**				
	Trade Creditor	240,105	118,358	239,178	140,961
	Other Creditors and accruals (Note 24.1)	1,286,181	1,004,627	934,945	732,339
	Payable to related parties	-	-	237,279	178,471
		1,526,286	**1,122,985**	**1,411,402**	**1,051,771**
24.1	**Other creditors and accruals**				
	Accruals	422,291	231,674	226,905	94,337
	Deferred revenue	-	60,902	-	60,902
	Agent clearing charges	411,242	263,048	411,242	263,048
	Union dues	12,502	88	6,709	-
	WHT	58,983	63,525	51,787	55,753
	VAT	218,606	218,050	120,810	155,852
	Staff pension (note 24.2)*	10,967	25,066	4,347	4,979
	Unclaimed dividend	92,034	79,296	92,034	79,296
	Other payables	59,561	62,978	21,111	18,178
		1,286,186	**1,004,625**	**934,945**	**732,339**

Other payables relates to statutory payables and professional fees due to consultants.

24.2	**Staff pension accruals**				
	At the beginning of the year	25,066	54,947	4,979	7,422
	Provision for the year	155,112	139,971	77,230	63,621
		180,178	**194,918**	**82,209**	**71,043**
	Payment during the year	(169,211)	(169,853)	(77,862)	(66,064)
	At the end of the year	**10,967**	**25,066**	**4,347**	**4,979**

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

25. Related party disclosure

The Group holds 100% equity interest in Red Star Freight Limited, Red Star Support Services Limited and Red Star Logistics Limited. The transactions with the related party are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees received for any related party receivables. For the year ended 31 March 2017, the Group has not recorded impairment of receivables relating to amounts owed by related parties.

This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operate.The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

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	Nature of transaction	Transaction value	Balance receivable/ (payable)	Balance receivable/ (payable)
			2017	2016
Related Companies:		N'000	N'000	N'000
Red Star Freight Ltd	Freight and custom clearance.	64,211	162,092	79,348
Red Star Logistics Ltd	Haulage and warehousing services	94,117	294,363	99,123
Red Star Support Services Ltd	Mail management and despatch services	44,372	(237,279)	(201,075)

26. Reconciliation of net profit to cash from operating activities

		The Group		The Company	
		2017	2016	2017	2016
		N'000	N'000	N'000	N'000
	Net profit before taxation	653,200	572,107	408,342	423,195
	Adjustment to reconcile net income to net cash provided by operating activities:				
	Depreciation and amortization	243,020	247,600	120,930	125,483
	Profit on disposal of fixed assets	(1,239)	3,244	(1,239)	4,174
	Interest expense	21,111	10,788	-	-
	Interest income	(17,684)	(7,415)	(16,594)	(6,810)
	Dividend income	-	-	(97,383)	(87,204)
	Fair value loss on available for sale	91	33	91	33
	Impairment in receivable	(256,855)	203,527	(145,336)	93,646
	Exchange difference	(18,780)	-	(7,022)	-
	Changes in assets and liabilities:				
	(Increase)/decrease in inventories	13,823	(8,961)	10,047	(3,128)
	(Increase)/decrease in trade and other receivables	(437,246)	(103,900)	(361,645)	(76,193)
	(Increase)/decrease in prepayments	(92,855)	(35,779)	(61,626)	8,077
	(Decrease)/Increase in trade and other payables	**403,302**	**(599,601)**	**363,221**	**(411,798)**
	Net cashflow provided by operating Activities	**528,666**	**296,552**	**218,798**	**69,508**

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27. Distributions made and proposed

		2017	2016
		N'000	N'000
	Final dividend	206,324	206,324
	Withholding tax	(20,632)	(20,632)
	Dividend payable	-	24,439
	Dividend Payable	185,692	210,131
	Dividend paid during the year	(161,253)	(193,780)
	Dividend Payable	(24,439)	(16,351)
	31 March 2016	-	-

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

	Directors	**The Group**		**The Company**	
		2017	**2016**	**2017**	**2016**
		N'000	**N'000**	**N'000**	**N'000**
	Remuneration paid to the Directors was:				
	Short-term employee benefit				
	Fees and sitting allowances	11,145	11,145	8,235	8,235
	Executive compensation	8,362	7,964	8,206	7,815
	Other Directors expenses and benefits	22,213	21,155	22,213	21,155
	Short term employee benefit	41,720	40,264	38,654	37,205
	Post-employment benefit	1,158	1,153	1,033	960
	Total compensation	**42,878**	**41,317**	**39,687**	**38,165**

Fees and other emoluments disclosed above include amounts paid to:

		2017	**2016**
		N'000	**N'000**
	The Chairman	2,155	2,155
	The highest paid Director	13,581	13,581

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

		Number	**Number**	**Number**	**Number**
	Below N1,000,000				
	N 1,000,000 - N 2,000,000	5	5	5	5
	N 2,000,001 - N 3,000,000	1	-	1	-
	N 3,000,001 and above	3	2	3	2

29. Staff number and higher paid employees

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

		The Group		**The Company**	
		2017	**2016**	**2017**	**2016**
		Number	**Number**	**Number**	**Number**
	Managerial	7	12	4	9
	Senior	39	14	31	12
	Supervisors	157	149	60	116
	Junior	1,624	1,626	16	143
		1,827	**1,801**	**258**	**280**

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

		The Group		**The Company**	
		2017	**2016**	**2017**	**2016**
		Number	**Number**	**Number**	**Number**
	N140,001 - N210,000	1,445	1,629	160	143
	N210,001 - N360,000	329	146	58	116
	N360,001 - N900,000	44	14	34	12
	N900,001 - N1,700,000	6	11	3	8
	N1,700,001 - N2,011,000	3	1	3	1
		1,827	**1,801**		**280**

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30(a) Segment information

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

The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

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

- The Courier Service segment, is involved in express delivery of documents and parcels.
- Freight services is involved in clearing and forwarding of goods (importation and export services).
- Logistics relates to services involving warehousing and chain distribution services.
- Support services relates to mail room management and other delivery services.

Segment statement of comprehensive income	**Courier**		**Freight**		**Logistics**		**Support services**		**Group**	
	17-Mar	**16-Mar**	**17-Mar**	**16-Mar**	**17-Mar**	**16-Mar**	**17-Mar**	**16-Mar**	**17-Mar**	**16-Mar**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Revenue (External customer)	4,049,921	3,815,253	535,843	287,903	1,213,452	1,050,878	1,499,425	1,465,003	7,298,642	6,632,996
Finance income	16,594	6,810	-	-	498	-	593	-	16,695	7,415
Cost of sales	(2,733,636)	(2,524,021)	(401,342)	(231,355)	(824,246)	(862,935)	-1,151,916	(1,175,490)	(5,111,140)	(4,674,470)
Other Income	121,975	87,831	495	985	24,949	14,794	1,022.00	1,560	*50,464	*16,204
Admin expenses	(1,036,988)	(962,679)	(75,263)	(33,866)	(287,148)	(95,277)	(181,941)	(173,843)	(1,581,340)	(1,399,250)
Finance Cost	(9,524)	-	-	-	(9,307)	(12,244)	(2,279)	-	(21,110)	(10,788)
Profit before taxation	408,342	423,195	59,733	23,667	118,197	95,216	164,904	117,230	653,200	572,107
Taxation	(93,665)	(159,415)	(19,597)	(7,441)	(61,266)	(37,772)	-51,916	(33,053)	(226,444)	(237,680)
Profit after taxation	**314,677**	**263,780**	**40,136**	**16,225**	**56,931**	**57,445**	**112,988**	**84,177**	**426,756**	**346,009**

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

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Segment statement of financial position	Courier		Freight		Logistics		Support services		Group	
	17-Mar	**16-Mar**	**17-Mar**	**16-Mar**	**17-Mar**	**16-Mar**	**17-Mar**	**16-Mar**	**17-Mar**	**16-Mar**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Total Non-current assets	900,208	818,482	8,572	521	384,770	323,714	183,861	45,902	1,191,849	903,056
Current assets	2,494,109	2,130,739	373,795	187,479	677,298	542,093	394,876	366,964	3,239,708	2,853,135
Total assets	**3,394,317**	**2,949,221**	**382,367**	**188,000**	**1,062,068**	**865,809**	**578,737**	**412,866**	**4,431,557**	**3,756,191**
Ordinary share capital	294,748	294,748	10,000	10,000	225,000	225,000	49,065	49,065	294,748	294,748
Share premium	296,433	296,433	-	-	-	-	-	-	296,433	296,433
Retained earnings	1,196,268	1,091,932	93,489	63,363	266,954	261,957	284,190	203,615	1,840,901	1,620,862
Non-current liabilities	82,459	55,790	1292	98	79,470	59,970	79,531	12,715	248,702	133,955
Current liabilities	1,524,410	1,210,319	277,586	114,539	490,644	318,882	165,951	147,471	1,750,810	1,410,194
Total equity and liabilities	**3,394,317**	**2,949,221**	**382,367**	**188,000**	**1,062,068**	**865,809**	**578,737**	**412,866**	**4,431,557**	**3,756,191**

30 b) **Geographical Area** - All revenues are earned locally in Nigeria.

30(c) Major Customers – The Group's major customers are Corporate bodies and organisations in Nigeria, some of them include Chemonics GTE, Diamond Bank, IBTC Pension Managers, Association For Reproductive Health, First City Monument Bank.

31. Financial Risk Management

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

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

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

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Groupcompetitiveness 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 Group if a customer or counterparty to financial instrument fails to meet its Contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts.

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

(B). Interest Rate Risk

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

32. Capital management

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

The Group	**The Group**		**The Company**	
	2017	**2016**	**2017**	**2016**
	N'000	**N'000**	**N'000**	**N'000**
Interest-bearing loans and borrowings	66,980	30,322	-	-
Trade and other payables	1,526,286	1,122,986	1,411,402	1,051,771
Less: cash and short-term deposits	(513,661)	(635,134)	(443,464)	(485,068)
Net debt	1,079,605	518,174	967,938	566,703
Share capital	294,748	294,748	294,748	294,748
Retained earning	1,840,867	1,620,862	1,199,858	1,091,932
Total capital	2,135,615	1,915,610	1,494,606	1,386,680
Capital and net debt	**3,215,220**	**2,433,784**	**2,462,544**	**1,953,383**
Gearing ratio	34%	21%	39%	29%

31. Financial Risk Management Continued

(a) Trade Receivables

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

At 31 March 2017, the Group had 276 customers (2016: 222 customers) that owed the Group more than N1,000,000 each and accounted for approximately 68% (2016: 63%) of all receivables.

There were 14 customers (2016: 15 customers) with balances greater than N10 million accounting for over 24% (2016: 21%) 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 Group evaluates the concentration of risk with respect to trade receivables to be low, as the credit risk on liquid funds is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

(B) Cash And Short-Term Deposits

Credit risk from balances with banks and financial institutions is managed by the Red Star Express' treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

Red Star Express maximum exposure to credit risk for the components of the statement of financial position at 31 March 2017 and 2016 is the carrying amounts as illustrated below:

	The Group		**The Company**	
	2017	**2016**	**2017**	**2016**
	N'000	**N'000**	**N'000**	**N'000**
Trade and other receivables	2,520,269	2,083,023	1,900,419	1,538,774
Cash and cash equivalents	513,661	635,134	443,464	485,068
	3,033,930	**2,718,157**	**2,343,883**	**2,023,842**

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31. Financial risk management continued

2. Liquidity risk

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

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

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

Year ended 31 March 2017	**On**	**Less than**	**3 to 12**	**1 to 5**	
	Demand	**3 months**	**months**	**years**	**Total**
	N'000	N'000	N'000	N'000	N'000
Trade and other payables	**328,856**	**756,276**	**441,154**	**-**	**1,526,286**
Finance lease obligation	**-**	**4,519**	**13,558**	**48,903**	**66,980**
Year ended 31 March 2016	**On**	**Less than**	**3 to 12**	**1 to 5**	
	Demand	3 months	Months	years	Total
	N'000	N'000	N'000	N'000	N'000
Trade and other payables	221,963	656,279	244,743	-	1,122,985
Interest bearing loan	-	7,580	22,741	-	30,322
The table below summarises the maturity profile of the Company's financial liabilities:					
Year ended 31 March 2017	On	Less than	3 to 12	1 to 5	
	Demand	3 months	Months	years	Total
	N'000	N'000	N'000	N'000	N'000
Trade and other payables	273,969	856,279	281,154	-	1,411,402
Year ended 31 March 2016	On	Less than	3 to 12	1 to 5	
	Demand	3 months	Months	years	Total
	N'000	N'000	N'000	N'000	N'000
Trade and other payables	211,541	638,995	201,235	-	1,051,771

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No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 2016. In order to ensure an appropriate return for shareholder's capital invested in the Group, management thoroughly evaluates all material projects and potential acquisitions before approval. The Group is not subject to any capital restriction requirements.

33. Events after the reporting period

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

34. Commitments and contigencies
Finance lease commitments

The Group has finance leases contracts for motor vehicles. These leases have terms of renewal, purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. Future minimum lease payments under finance leases contracts together with the present value of the net minimum lease payments are as follows:

	2017		2016	
	Minimum Payment	**Present value of payments**	**Minimum Payment**	**Present value of payments**
	N'000	**N'000**	**N '000**	**N'000**
Within one year	26,754	18,077	-	-
After one year but not more than five years	69,115	48,903	-	-
Total minimum lease payments	95,870	66,980	-	-
Less amounts representing finance charges	(28,890)	-	-	-
Present value of minimum lease payments	**66,980**	**66,980**	**-**	**-**

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

	The Group	
	2017	2016
	N'000	N'000
Within one year	28,869	28,869
	28,869	28,869

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

Legal claim contingency
At 31st March 2017, there were no contingent liabilities. The Directors are of the opinion that based on the solicitors' advice no material loss will arise from them. Consequently, no provision has been made in these consolidated financial statements for the amount.

Guarantees
The Group accepted a performance bond of N50 million (2016: N50 million) in favour of Nigeria Customs Services.

Statement of Value Added

31 MARCH 2017

THE GROUP

	2017		2016	
	%	N 000	%	N '000
Revenue	7,298,642		6,632,996	
Cost Of Goods And Other Services – Local	(6,004,878)		(5,359,431)	
	1,293,764		1,273,565	
Non-Trading Items	68,148		23,618	
Total Value Added	1,361,912		1,297,183	
APPLIED AS FOLLOWS:				
EMPLOYEES				
- as salaries and labour related expenses	538,607	38%	502,607	39%
TO PROVIDER OF CAPITAL				
- as finance cost	21,110	2%	10,788	1%
TO GOVERNMENT:				
- as Group taxes	179,431	13%	234,595	18%
RETAINED FOR THE GROUP'S FUTURE				
- for assets replacement (depreciation & amortization)	243,020	18%	247,600	19%
- deferred tax assets/(liabilities)	(47,013)	(3%)	(32,834)	(3%)
- for expansion (profit retained)	314,677	39%	263,780	34%
	801,344	**100%**	**769,168**	**100%**

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THE COMPANY

	2017		2016	
	N'000	**%**	**N'000**	**%**
Revenue	4,049,921		3,815,253	
Cost Of Goods And Other Services - Local	(3,387,146)		(3,140,726)	
	662,775		674,527	
Non-Trading Items	138,569		94,641	
Total Value Added	801,344		769,168	
APPLIED AS FOLLOWS:				
EMPLOYEES				
- as salaries and labour related expenses	269,919	34%	252,594	33%
TO PROVIDER OF CAPITAL				
- as finance cost	9,524	1%		
TO GOVERNMENT:				
- as Company taxes	91,208	12%	140,045	18%
RETAINED FOR THE COMPANY'S FUTURE				
- for assets replacement (depreciation& amortization)	113,559	14%	125,483	17%
- deferred tax	(2,457)	0%	(12,734)	(2%)
- for expansion (profit retained)	314,677	39%	263,780	34%
	801,344	**100%**	**769,168**	**100%**

Five – Year Financial Summary

31 MARCH 2017

THE GROUP

	IFRS				Local GAAP
	2017	**2016**	**2015**	**2014**	**2013**
	N '000	**N '000**	**N '000**	**N '000**	**N '000**
STATEMENT OF COMPREHENSIVE INCOME					
Revenue	7,978,642	6,632,996	6,658,468	6,416,430	5,293,813
Profit before taxation	653,200	572,107	611,062	603,891	544,961
Profit after taxation	426,756	334,427	383,637	403,634	304,525
Per N1 share date (kobo):					
Earning - Basic	**0.72**	**0.57**	**0.65**	**0.68**	**0.52**
	IFRS	**Local GAAP**			
	2017	**2016**	**2015**	**2014**	**2013**
	N '000	**N '000**	**N '000**	**N '000**	**N '000**
STATEMENT OF FINANCIAL POSITION					
Assets and Liabilities					
Property, plant & equipment	1,150,232	882,393	1,021,216	1,064,599	826,603
Intangible assets	18,172	5,359	11,154	10,698	18,828
Long term prepayment	22,968	14,736	16,153	11,938	4,838
Available for sale instrument	477	568	601	1,193	633
Net current assets	1,488,901	1,442,942	1,200,323	1,046,820	1,098,199
Non-current liabilities	(248,702)	(133,955)	(188,536)	(232,529)	(227,727)
	2,432,048	**2,212,043**	**2,060,911**	**1,902,719**	**1,721,374**
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	1,837,277	1,620,862	1,469,730	1,311,538	1,130,193
	2,432,048	**2,212,043**	**2,060,911**	**1,902,719**	**1,721,374**

Five – Year Financial Summary

31 MARCH 2017

THE COMPANY

	IFRS				Local GAAP
	2017	**2016**	**2015**	**2014**	**2013**
	N '000	**N '000**	**N '000**	**N '000**	**N '000**
STATEMENT OF COMPREHENSIVE INCOME					
Revenue	4,049,921	3,815,253	3,884,506	3,922,697	3,488,531
Profit before taxation	408,342	423,195	423,396	432,599	397,537
Profit after taxation	314,677	263,780	300,878	321,977	246,720
Per N 1 share date (kobo):					
Earning – Basic	0.53	0.45	0.51	0.56	0.42
	2017	**2016**	**2014**	**2013**	**2012**
	N '000	**N '000**	**N '000**	**N '000**	**N '000**
STATEMENT OF FINANCIAL POSITION					
Assets and Liabilities					
Property, plant & equipment	573,030	512,269	567,778	543,635	470,932
Intangible assets	18,168	5,345	10,448	10,351	18,828
Long term prepayment	24,468	16,236	17,653	13,438	6,338
Long term investment	284,542	284,633	284,666	285,258	207,637
Net current assets	973,289	920,421	782,031	715,557	752,951
Non-current liabilities	(82,459)	(55,791)	(59,948)	(43,619)	(41,547)
	1,791,039	1,683,113	1,602,627	1,524,620	1,415,139
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	1,199,858	1,091,932	1,011,446	933,439	823,958
	1,791,039	**1,683,113**	**1,602,627**	**1,524,620**	**1,415,139**

Group Executive Committee

OBABORI, PETER OLUSOLA
GROUP DEPUTY MANAGING DIRECTOR/CEO
April 1 - August 31, 2016
GROUP MANAGING DIRECTOR/CEO
With effect from September 1, 2016

UKWAT, VICTOR ENOBONG
Executive Director
Sales And Marketing

BABURA, AUWALU BADAMASI
Executive Director
Finance And Administration

AKPOMUKA, NDIDI FRANCES
Company Secretary

EJEKAM, UCHE CHARLES
Divisional Managing Director
Red Star Express

PREGHAFI, TONYE
Divisional Managing Director
Red Star Freight

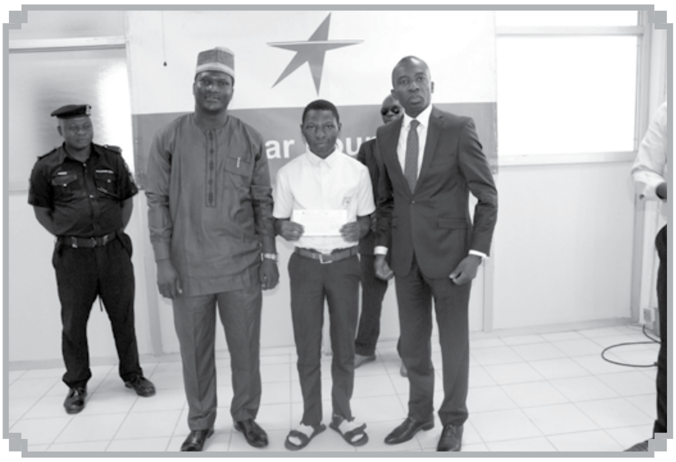
OJO, ENOMA
Divisional Managing Director
Red Star Support Services

ETU, OCHOLI
Divisional Managing Director
Red Star Logistics

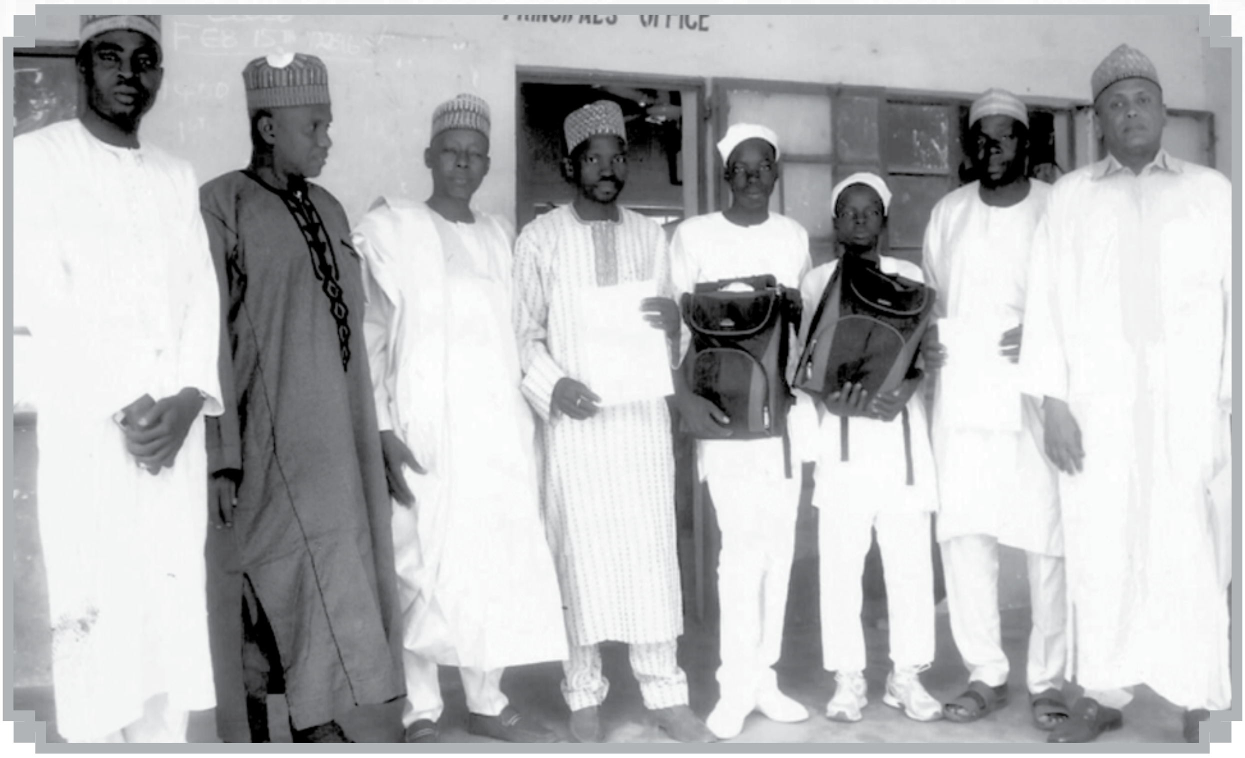
Corporate Social Responsibility Activities

RED STAR FOUNDATION

October 2016: Red Star Foundation awarded Scholarships to 9 deserving students in continuation of its annual scholarship award to Indigent students within the vicinity of the host community in Lagos. Sole Administrator, OShodi-Isolo Local Government, Adebayo Taoheed, Management of Red Star Express Plc, the Scholars along with their parents, pose for a group photograph.



Red Star Foundation
NORTH



R-L: Red Star Express Head, Central Admin., Abdul Koguna; Scholar's father, Suleiman Abdulkarim; Scholars Ibrahim Usman Abubakar and Suleiman Muzakkir Abdulkarim of Govt. Snr Sec. Sch., Maitsidau, Kano; Scholar's father Haruna Ibrahim; RSE Director, Alh. Aminu Dangana; father of Scholar, Mallam Umar; Principal Suleiman Shehu and his vice, Abdul Magaji after the 2016 Red Star Foundation Award to the scholars in Kano.

R-L: Red Star Express Plc's Head, Central Admin., Abdul Koguna; Principal of Government Snr Sec Sch, Koguna, Mohammed Ibrahim; Director, Red Star Express, Alh. Aminu Dangana; father of Scholar, Mallam Ilyasu and Scholar Auwalu Mubarak ilyasu receiving the 2016 Red Star Foundation Scholarship.

Proxy Form

FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING OF RED STAR EXPRESS PLC. ON AUGUST 31, 2017 AT WELCOME CENTRE HOTEL, INTERNATIONAL AIRPORT ROAD, LAGOS

I/WE ______________________________ being a member(s) of RED STAR EXPRESS PLC. hereby appoint:** ______________________________ or failing him Mr. Sola Obabori as my/our proxy to vote for me/us and on my/our behalf at the Annual General meeting of the Company to be held on Thursday 31st August 2017 and at any adjournment thereof.

Dated this ____________________ day of ______________ 2017.

Shareholders' signature ______________ Name of shareholder ______________________

Common seal should be affixed if executed by a corporation.

	RESOLUTIONS	FOR	AGAINST	ABSTAIN
1.	Approval of Accounts			
2.	Declaration of Dividend			
3.	Reelection of Directors			
	Mr. Sulaiman Koguna			
4.	Election of Director			
	Mr. Sule Umar Bichi			
5.	Reappoint and fix the remuneration of the Auditors.			
6.	To fix Directors fees			
7.	To convert to Holding Structure			
8.	To raise additional funds			

NOTE:

The above Proxy Form, when completed, must be deposited at the office of the Registrars, United securities Limited, Plot 09, 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

MANDATE FOR E-DIVIDEND PAYMENT

DATE: (DD/MM/YYYY)

The Registrar
United Securities Limited
Plot 009 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 datails as supplied hereunder

SURENAME/COMPANY NAME

OTHER NAMES (for individual Shareholder)

Kindly quote your shareholder account no in the box below

NAME OF COMPANY	SHAREHOLDING ACCOUNT NO
REDSTAR EXPRESS PLC	

PRESENT POSTAL ADDRESS

CITY

STATE

E-Mail Address 1

E-Mail Address 2

MOBILE (GSM) PHONE NUMBER

BANK NAME **(SECTION TO BE COMPLETED BY YOUR BANK)**

BANK ADDRESS

BANK ACCOUNT NUMBER

BANK SORT CODE

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

AUTHORISED SIGNATURE & STAMP OF BANKERS

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

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

United Securities Limited. RC 126257
10, Amodu Ojikutu Street, off saka Tinubu Street, Victoria Island. P.M.B 12753 Lagos, Nigeria. Tel: +234 (1) 271-4566, 271-4567
Website: www.unitedsecuritieslimited.com | Email: info@ unitedsecuritieslimited.com

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

united securities ▸▸▸

SHAREHOLDER'S DATA UPDATE

DATE: (DD/MM/YYYY)

The Registrar
United Securities Limited
Plot 09 Amodu Ojikutu Street
Victoria Island. Lagos.

Dear Sir/Madam

Kindly find below updated information which I/We request that you adopt in respect of my/our shareholding in the companies ticked in the boxes hereunder:

1. PERSONAL INFORMATION

Surename/Company Name:

Other Names (for individual Shareholder)

Present Postal Address

2. E-BOMUS INFORMATION

I/We hereby request that from now on, all my/our bonus shares due to me/us from our holdings in all companies indicated below to be transferred to CSCS electronically.

CLEARING HOUSE NUMBER	NAME OF STOCKBROKER	ACCOUNT NUMBER
C		

3. E-CONTACT DETAILS

E-mail Address

Mobile (GSM) Phone Number

4. E-CDIVIDEND PAYMENT INFORMATION

I/We hereby request that from now, all dividends due to me/us from my/our holdings in all the companies indicated above be mandated to me/our Banks details below:

Bank name (SECTION TO BE COMPLETED BY YOUR BANK)

Branch Address

Bank Account Number

Bank Sort Code

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

I/We confirm that all information supplied is to the best of my/our knowledge correct and hereby indemnity United Securities Limited against any loss that may arise from their adoption of the details as supplied.

Shareholder's Signature or Thumbprint

Shareholder's Signature or Thumbprint

Company Seal/Incoporation Number (Corporate Shareholder)

AUTHORISED SIGNATURE AND STAMP OF BANKERS

5. **Note: Shareholders with outstanding dividend warrants or share certificate can either call 01-2714566-7 or send an e-mail to customercare@unitedsecuritieslimited.com or visit United Securities limited, for their outstanding dividend.**
6. **Kindly return the duly completed form to the registrat:**

United Securities Limited. RC 126257
Marina House, 09, Amodu Ojikutu Street, off Saka Tinubu Street, Victoria Island. P.M.B 12753 Lagos, Nigeria.
Website: www.unitedsecuritieslimited.com | Email: info@ unitedsecuritieslimited.com or the completed update form can also be submited through any Access Bank Plc branch nearest you.

Certification No. 0000076

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

Certificate

CERTIFICATION MARK

This is to certify conformity of the

Quality Management System

Entity

With NIS ISO 9001: 2008

Specification/Standard

For **RED STAR EXPRESS PLC**

[PICK-UP AND DELIVERY OF PARCELS AND DOCUMENTS]

Organisation/Person

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

5 Oct. 2015

Date of issue

DIRECTOR GENERAL
STANDARDS ORGANISATION OF NIGERIA