

Red Star Express 

2015
ANNUAL
REPORT &
ACCOUNTS

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Our **Vision**

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

Our **Mission**

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

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



VALUES

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

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

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

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

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

QUALITY POLICY

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

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

NETWORK

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



Red Star Express

Licensee of Federal Express Corporation



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

Red Star Logistics

A Subsidiary of Red Star Express Plc



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

Red Star Freight

A Subsidiary of Red Star Express Plc



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

Red Star Support Services

A Subsidiary of Red Star Express Plc



- * Mail management services * Dedicated despatch service
- * Pool Vehicle service * Document archival*

NOTICE OF ANNUAL GENERAL MEETING

For the Year ended 31 March 2015



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Red Star Express Plc. will be held at the Welcome Center Hotel, International Airport Road, Lagos on Thursday September 3, 2015 at 11.00a.m. to transact the following:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st March 2015 and the Report of the Directors, Auditors and Audit Committee thereon.
2. To declare a Dividend.
3. To re-elect Directors.
4. To appoint and authorize the Directors to fix the remuneration of Auditors.
5. To elect members of the Audit Committee.

SPECIAL BUSINESS

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

1. To fix the Directors fees for the year ending March 31, 2016

BY ORDER OF THE BOARD

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

Registered Office

70 International Airport Road
Mafoluku, Lagos.

NOTE:

1. PROXY

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

2. CLOSURE OF REGISTER AND TRANSFER OF BOOKS

The Register of Members and Transfer of Books of the Company will be closed from 5th to 7th August 2015 both dates inclusive to enable the presentation of an up to date Register.



3. DIVIDEND PAYMENT

If the recommendation for dividend is approved, dividend of 35 kobo per 50 kobo share will be posted on September 14, 2015.

4. NOMINATION FOR AUDIT COMMITTEE

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

UNCLAIMED DIVIDENDS

Some dividend warrants have remained unclaimed or are yet to be presented for payment or revalidation. Lists of unclaimed dividends are available on our website www.redstarplc.com. Affected shareholders are to contact the Registrars, United Securities Limited, 10 Amodu Ojikutu Street, Victoria Island, Lagos.

CORPORATE INFORMATION

For the Year ended 31 March 2015



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

BOARD OF DIRECTORS:	Dr. M.H. Koguna	Chairman
	Sule Umar Bichi	Managing Director/Chief Executive
	Muyiwa Olumekun	Executive Director
	Mazi Sonny Allison	Non-Executive Director <i>(Retired, 31 Mar. 2015)</i>
	Olayemi Peters	Non-Executive Director <i>(Retired 21 Nov. 2014)</i>
	Isaac Orolugbagbe	Non-Executive Director
	Aminu Dangana	Non-Executive Director
	Sulaiman L. Koguna	Non-Executive Director <i>(Appointed, 26 June 2014)</i>
	Chris Ogbechie	Non-Executive Director <i>(Appointed, 26 June 2014)</i>

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

REGISTERED NUMBER: RC No. 200303

FRC NUMBER: FRC/2012/0000000000253

SECRETARY: Frances Ndidi Akpomuka

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

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

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

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

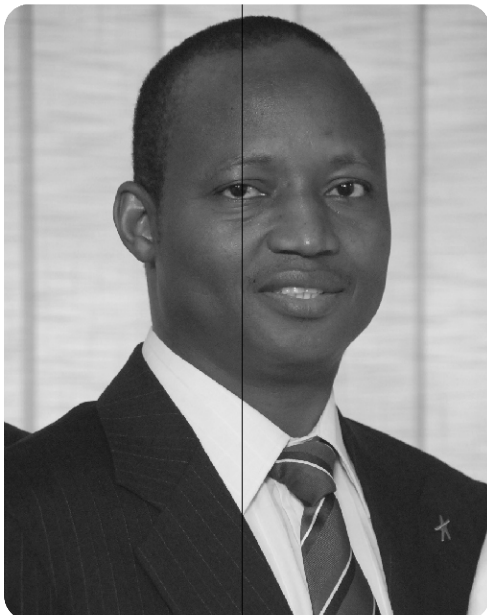
BOARD OF DIRECTORS



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S



DR. MOHAMMED H. KOGUNA
Chairman



SULE UMAR BICHI
Managing Director/CEO

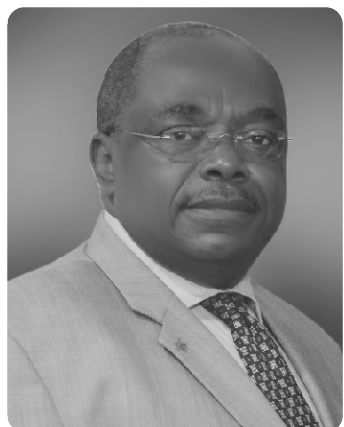


MUYIWA OLUMEKUN
Executive Director

BOARD OF DIRECTORS *continued*



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S



MAZI SONNY ALLISON
Non-Executive Director



OLAYEMI PETERS
Non-Executive Director



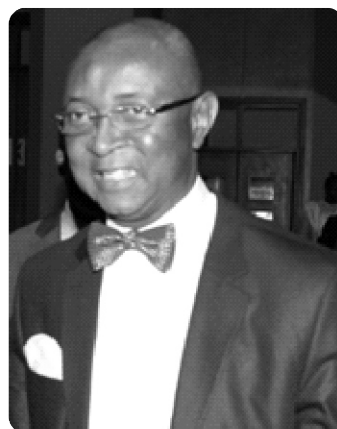
ISAAC OROLUGBAGBE
Non-Executive Director



ALHAJI AMINU DANGANA
Non-Executive Director



SULAIMAN LAWAN KOGUNA
Non-Executive Director



CHRIS IKE OGBECHIE
Non-Executive Director

RESULT AT GLANCE



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

	2015	2014	Increase/(Decrease)
	N'000	N'000	%
Turnover	6,658,468	6,416,430	4
Profit before Tax	611,062	603,891	1
Profit after Tax	383,637	403,634	(5)
Proposed Dividend	206,324	206,324	-
Share Capital	294,748	294,748	-
Shareholders' Fund	2,060,911	1,902,719	8

PER SHARE DATA

Number of 50kobo Ordinary Shares	589,496,760	589,496,760	-
	=====	=====	
Earnings per share (Naira)	0.65	0.68	(4)
Proposed Dividend per share (Naira)	0.35	0.35	-
Dividend Cover (times)	1.86	1.96	(5)
Net Assets per share (Naira)	3.50	3.26	7
Number of employees	1,869	1,840	2

CHAIRMAN'S STATEMENT



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

Distinguished Ladies and Gentlemen, fellow Board members, representatives of regulatory bodies present, and our esteemed Shareholders.

It is with great pleasure that I welcome you to the 22nd Annual General Meeting of our Great Company, Red Star Express Plc., and to present to you our performance for the financial year ended March 31, 2015.

OPERATING ENVIRONMENT:

The operating environment in the year under review has been quite challenging not for Red Star Express Plc alone but for most companies operating in the country.

The slides in crude oil prices from an all high of \$110.4mbd in April 2014 to \$56.6mbd in March 2015 representing a 49% drop to a large extent reduced government's revenue which impacted negatively on funds available to finance infrastructural projects needed to unlock growth.

Significant drop in government revenue and distortion in foreign exchange market led to the depreciation of the Naira in the period under review. This resulted in higher cost for all our international operations.

Reduction in lending capacity of the banking sector and high cost of funding led to the reduction in real sector activities which is a major growth driver of the economy.

Pre and Post election activities created enormous uncertainty in the economy thus putting adverse pressure on our businesses and related activities.

During the financial year, the envisaged positive effect in our nation's infrastructure especially in the area of gas supply, power distribution, roads and rail networks was not fully realized. This to a large extent resulted in higher maintenance and operations cost.

Increasing rate of insecurity especially in the far North impacted negatively on our business operations in those areas.

Permit me to commend the efforts of the Management and staff of our great company for their deep commitment in the face of these challenges in ensuring that we do not only sustain the business but that we also remain profitable.

With the establishment of newly elected government in May 2015, there are high expectations for better economic growth that will give room for the actualization of strategic projects earmarked for the next financial year.

BOARD CHANGES:

During the year, two (2) non Executive Directors (Mr. Olayemi Peters & Mazi Sonny Allison) retired from the Board in November 2014 and March 2015 respectively.

They have both spent over 22 years individually on the board. We appreciate their contributions over the years and wish them well in their future endeavors.

Also recall that at the Annual General Meeting last year, resolutions were approved by the Shareholders for the appointment of Sir Chris Ogbechie and Mr. Sulaiman Koguna as Non Executive Directors. They have since assumed this responsibility bringing their experience to bear on the deliberations and resolutions of the board.

**FINANCIAL PERFORMANCE REVIEW:**

Despite the challenges earlier outlined, our company posted a turnover of N6.7billion in the year under review achieving 4% increase in revenue compared with N6.4billion achieved last year. The profit before tax increased from N603.9million to =N=611.0million, showing an increase of 1%, while profit after tax dropped by 5%, moving from N403.6million to N383.6million.

DIVIDEND:

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

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

CORPORATE SOCIAL RESPONSIBILITY:

Good governance and ethical conduct provide the foundation for everything we do at Red Star Express. They help us earn trust, manage risks, foster sustainable growth, and build a resilient business.

We aim to tackle education and poverty challenging issues head on, make our communications and processes simple, hold everyone accountable, and empower all our employees to do what's right.

In the course of the financial year, Red Star Foundation gave out 11 additional scholarships to scholars from different schools in Western and Eastern regions of Nigeria.

The poverty alleviation arm of the Foundation gave out items to missionary hospitals; St. Catherines Hospital, Ahmadiyya Clinic Apapa and SOS Children Village. Non perishable materials were given to Nigerian Red Cross Society.

The success of our business depends on earning the trust of our customers, our partners, and our stakeholders. That's why we place such importance on strong governance practices and ethical conduct.

An appropriation of 0.5% of our profit after tax was granted to the foundation.

FUTURE OUTLOOK:

The Board and Management of our dear company Red Star Express Plc, is in the process of restructuring and crafting a new Strategy that will see us to the next five years with a mindset of driving significant growth. We are very confident that our efforts and commitments will result to value additions for all stakeholders.

Once again, thank you and welcome to the 2015 Annual General Meeting.

Dr. Mohammed H. Koguna
Durbin Kano

REPORT OF THE DIRECTORS

For the Year ended 31 March 2015



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

The directors have the pleasure in presenting their annual report on the affairs of Red Star Express Plc (the Company) and its subsidiaries (the Group) together with the consolidated audited financial statements for the year ended 31 March 2015.

Legal Status

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

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

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

Principal activities

The company is principally engaged in the provision of courier services, mail room management services, freight services, logistics, warehousing and general haulage.

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

Results for the year

	The Group		The Company	
	2015 N '000	2014 N '000	2015 N '000	2014 N '000
Revenue	6,658,468	6,416,430	3,884,506	3,922,697
Profit before taxation	611,062	603,891	423,396	432,599
Taxation	(227,425)	(200,257)	(122,518)	(100,829)
Profit after taxation	383,637	403,634	300,878	331,770

Dividend

The directors are pleased to recommend to the shareholders the payment of a dividend of N206 million that is 35 kobo gross per share which is subject to approval by shareholders at the Annual General Meeting. Payment of dividend is subject to withholding tax at 10% (2014: 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 | Managing Director/Chief Executive |
| 3. | Muyiwa Olumekun | Executive Director |
| 4. | Mazi Sonny Allison | Non-Executive Director (Retired, 31 Mar. 2015) |
| 5. | Olayemi Peters | Non-Executive Director (Retired, 21 Nov. 2014) |
| 6. | Isaac Orolugbagbe | Non-Executive Director |
| 7. | Aminu Dangana | Non-Executive Director |
| 8. | Sulaiman Lawan Koguna | Non-Executive Director (Appointed, 26 June 2014) |
| 9. | Chris Ogbechie | Non-Executive Director (Appointed, 26 June 2014) |

Mazi Sonny Allison and Mr. Olayemi Peters retired after over 22 years each on the board.

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

Records of Directors' Attendance at Board Meetings

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

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

Directors	Board	Strategy & Business Development	Governance, Nomination & Remuneration
Frequency of meetings	5 May 6, 2014; June 26 2014 Oct. 23 2014; Dec. 2, 2014 February 26, 2015	1 March 11, 2015	1 June 26, 2015
Dr. M. H. Koguna	5	N/A	1
Sule Umar Bichi	5	1	N/A
Muyiwa Olumekun	5	1	N/A
Mazi Sonny Allison	4 *	-	N/A
Olayemi Peters	3 *	NA	1
Isaac Orolugbagbe	5	1	N/A
Aminu Dangana	5	N/A	1
Sulaiman Koguna	3 *	NA	NA
Chris Ogbechie	0 **	1	*

* No longer on board or yet to be appointed

**Absent with apology.

REPORT OF THE DIRECTORS *continued*



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

Audit Committee

Number of meetings	5	June 19, 2014, July 25, 2014, October 21, 2014, January 27, 2015, March 20, 2015
Mr. Isaac Orolugbagbe	5	
Hon. Tajudeen Jimoh	5	
Chief Cyril Ugwumadu	5	
Mr. Sulaiman Koguna	2	*
Mr. Olayemi Peters	2	* **

* No longer on board or yet to be appointed

**Absent with apology

DIRECTORS' SHAREHOLDING

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

S/NO	NAME	NUMBER OF SHARES HELD AS AT 31 MARCH 2015	NUMBER OF SHARES HELD AS AT 31 MARCH 2014
1.	Alhaji Mohammed H. Koguna	109,219,912 direct 86,756,059 indirect Representing Koguna Babura Insurance Brokers Limited	86,756,059 indirect 109,219,912 direct
2.	Sule Umar Bichi	5,416,680	5,416,680
3.	Olumuyiwa Olumekun	1,600,990	1,600,990
4.	Sonny Allison	569,810	569,810
5.	Olayemi Peters	7,032,065	7,032,065
6.	Isaac Orolugbagbe	12,552,959	12,552,959
7.	Aminu Dangana	20,000	20,000
8.	Sulaiman Lawan Koguna	-	-
9.	Chris Ogbechie	4,166,000	5,170,983

REPORT OF THE DIRECTORS *continued*



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

SHARE CAPITAL HISTORY

The company's initial authorized share capital was N7million comprising 7 million ordinary shares of N1.00 each. The shares were subdivided into ordinary shares of 50 kobo each in 2006. The company's authorized share capital is currently 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 as at 31 March 2015, the spread of Shareholdings in the Company was as follows:

Share Range		Number Of Shareholders	Number Of Holdings	% Shareholdings
1	1,000	783	426,443	0.07
1,001	5,000	1,043	3,408,039	0.58
5,001	10,000	681	5,727,255	0.97
10,001	50,000	1,246	32,590,539	5.53
50,001	100,000	238	18,182,736	3.08
100,001	500,000	207	45,058,917	7.64
500,001	1,000,000	29	23,212,858	3.94
1,000,001	5,000,000	27	58,560,995	9.93
5,000,001	10,000,000	3	22,932,065	3.89
10,000,001	100,000,000	9	270,187,001	45.83
100,000,001	1,000,000,000	1	109,209,912	18.53
TOTAL		4,267	589,496,760	100.00

REPORT OF THE DIRECTORS *continued*



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

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

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

UNCLAIMED DIVIDEND

Several dividend warrants remain unclaimed and are yet to be presented for payment or returned to the Company for revalidation. List of unclaimed dividends is available on the company's website.

We implore shareholders who are yet to update their contact details to kindly contact the Company's Registrars or the Company Secretary.

Also shareholders are encouraged to fill the e-dividend mandate form attached at the back of the annual accounts for direct credit of their dividend to their designated bank accounts.

DIRECTORS INTEREST IN CONTRACTS

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

SERVICE CONTRACT AGREEMENT

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

There is no service fees payable. All transactions are done at arm's length basis.

COMPLIANCE WITH THE LAW

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

- The Nigerian Stock Exchange Post-listing Rules
- The Securities and Exchange Commission's Code of Corporate Governance for Public Companies 2011
- Companies and Allied Matters Act (Cap C20) LFN 2004
- Financial Reporting Council of Nigeria Act, No 6, 2011
- International Corporate Governance Best Practices
- Red Star Express Plc Code of Business Conduct

REPORT OF THE DIRECTORS *continued*



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

DONATIONS/CHARITABLE GIFTS

The Company made donations amounting to N550,000 during the year ended 31 March 2015 (2014: N868,700)

Beneficiaries	=N=
2014 Independence Day Celebration - US Embassy	170,000
Babcock University	80,000
Institute of Directors Nigeria (IOD)	150,000
Association for Good Practices of Nigeria	50,000
Global Centre for Information Research & Dev.	100,000

	550,000
	=====

TAXATION

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

PROPERTY, PLANT AND EQUIPMENT

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

EMPLOYMENT OF DISABLED PERSONS

It is the policy of Red Star Express Plc that there is no discrimination in the consideration of applications for employment including those of physically challenged persons. All are given equal opportunities to develop their expertise and knowledge and qualify for promotion in furtherance of their careers. In the event of members of staff becoming disabled, efforts are geared towards ensuring that their employment continues. As at 31 March 2015, no disabled person was employed by the Company.

EMPLOYEE INVOLVEMENT AND TRAINING

Red Star Express Plc is committed to providing its employees with the best opportunities for learning and development. Our training and development programmes are designed to challenge our people and empower them to be more professional in their careers and personal lives. With a combination of external and overseas training, supported by our seasoned in-house Training Faculty, job rotations and mentoring, our employees are equipped with the requisite skills to take ownership of their professional and personal development. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

**HEALTH, SAFETY AND WELFARE OF EMPLOYEES**

Safety of our employees has remained an integral part of our daily activity, by the nature of our business and large number of our staff plying the roads of Nigeria throughout the year. Safety culture, balancing proactive and reactive measures and compliance to legislation both on the road and at the work place assist with ensuring occupational risks are reduced to the minimum. We ensure our trucks, vans and motorcycles are well maintained and no compromises are permitted on use of protective gear. The company continues to provide free medical packages schemes for staff and their immediate families under the Health Management Organizations (HMOs).

The company also maintains a safe and healthy workplace with fire prevention and fire-fighting equipment installed at strategic locations in the company's offices.

Furthermore, the company maintains Group Personal Accident and Workmen's compensation insurance, contributory pension scheme and non-contributory gratuity scheme, all for the benefit and comfort of employees.

EVENTS AFTER THE REPORTING DATE

There have been no material post balance sheet events to date, which could have had a material effect on the financial statements of the Company as at 31 March 2015 and the profit for the year ended on that date which have not been adequately provided for or recognized.

AUDITORS

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

BY ORDER OF THE BOARD

FRANCES NDIDI AKPOMUKA

COMPANY SECRETARY

FRC/2013/ICSAN/00000002640

Lagos, Nigeria

Date: July 21, 2015

**GOVERNANCE STRUCTURE**

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

THE BOARD

The Board is composed of seven (7) Directors, five (5) Non-Executive Directors including the Chairman and two (2) Executive Directors. The position of the Chairman and Chief Executive are held by two different persons. The Board met 5 times during the year.

BOARD COMMITTEES**Strategy and Business Development Committee**

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

Governance, Nomination and Remuneration Committee

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

Risk Management Committee

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

Audit Committee

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

RELATIONSHIP WITH SHAREHOLDERS

The Company maintains a cordial relationship with shareholders and all shareholders are treated equally regardless of number of shares or social status. Financial and other mandatory information are promptly communicated to shareholders through appropriate media. In line with recent directive by Securities and Exchange Commission, the Company has put in place, a Shareholders Complaints Management Policy, aimed at standardizing the procedure for shareholders to bring to the attention of the Company complaints regarding their shareholding and how these may be addressed. The Policy is available on the Company's website www.redstarplc.com

The Company Secretary

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 2015



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

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

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

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

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE DIRECTORS BY

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

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

July 21, 2015

REPORT OF THE AUDIT COMMITTEE



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

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 2015 and report as follows:

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

ISAAC OROLUGBAGBE

Chairman Audit Committee

FRC/2013/ICAN/00000003809

July 21, 2015

Members of the Audit Committee

Hon. Tajudeen Jimoh	Independent shareholder
Chief Cyril I. Ugwumadu	Independent shareholder
Barr. Yemi Peters	Non-Executive Director (Retired from Board) Nov. 2014
Sulaiman Lawan Koguna	Non-Executive Director (Appointed to replace Barr. Yemi Peters)
Mr. Isaac Orolugbagbe	Non-Executive Director

Secretary

Frances N. Akpomuka

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

We have audited the accompanying consolidated financial statements of Red Star Express Plc, which comprise the consolidated statement of financial position as at 31 March 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors' consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

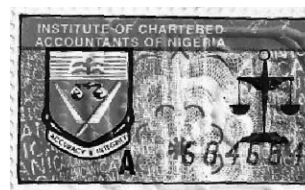
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Red Star Express Plc as at 31 March 2015, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council Act, No 6, 2011.

Report on Other Legal and Regulatory Requirements

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

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


Yusuf Aliu, FCA, FRC/2012/ICAN/00000000138
For: Ernst & Young Chartered Accountants
Lagos, Nigeria.
July 21, 2015



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31 March 2015



2015 ANNUAL REPORT & ACCOUNTS

		The Group		The Company	
	Note	2015	2014	2015	2014
		N'000	N'000	N'000	N'000
Revenue	4	6,658,468	6,416,430	3,884,506	3,922,697
Cost of Sales		(4,720,300)	(4,608,461)	(2,650,783)	(2,677,494)
		-----	-----	-----	-----
GROSS PROFIT		1,938,168	1,807,969	1,233,723	1,245,203
Other operating income	5	41,207	20,567	83,478	97,718
Administrative expenses	6	(1,364,181)	(1,221,892)	(906,714)	(927,517)
		-----	-----	-----	-----
Total operating profit		615,194	606,644	410,487	415,404
		-----	-----	-----	-----
Finance income	7	13,205	18,014	12,909	17,195
Finance cost		(17,337)	(20,767)	-	-
		-----	-----	-----	-----
PROFIT BEFORE TAXATION	8	611,062	603,891	423,396	432,599
TAXATION	9.1	(227,425)	(200,257)	(122,518)	(100,829)
		-----	-----	-----	-----
PROFIT AFTER TAXATION		383,637	403,634	300,878	331,770
		-----	-----	-----	-----
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods.					
Actuarial loss on defined benefit plan	24.2	(20,756)	(43,718)	(20,756)	(43,718)
Tax effect	15.1	6,227	13,115	6,227	13,115
Other comprehensive income/ loss for the year, net of tax		(14,529)	(30,603)	(14,529)	(30,603)
		-----	-----	-----	-----
Total comprehensive income/ loss for the year, net of tax		369,108	373,031	286,349	301,167
		=====	=====	=====	=====
Profit attributable to ordinary equity holders		383,637	403,634	300,878	331,770
		=====	=====	=====	=====
Total comprehensive income/loss for the year attributable to ordinary equity holders		369,108	373,031	286,349	301,167
		=====	=====	=====	=====
Earnings per share (kobo)	10				
Basic profit for the year attributable to ordinary equity holders		0.65	0.68	0.51	0.56

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 March 2015



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

		The Group		The Company	
	Note	2015	2014	2015	2014
		N'000	N'000	N'000	N'000
ASSETS					
Non-current assets					
Property, plant & equipment	11	1,021,216	1,064,599	567,778	543,635
Intangible assets	12	11,154	10,698	10,448	10,351
Long term prepayment	13	16,153	11,938	16,153	11,938
Long term investment	14	601	1,193	284,666	285,258
Deposit for shares	23	1,500	1,500	1,500	1,500
		-----	-----	-----	-----
Total non-current assets		1,050,624	1,089,928	880,545	852,682
		-----	-----	-----	-----
Current assets					
Inventories	16	52,218	59,642	50,413	57,203
Trade receivables	17	1,552,574	1,289,687	1,112,270	854,584
Current prepayments	13	57,843	41,405	37,609	32,684
Other receivables	18	430,985	356,967	329,545	278,472
Due from related companies	26	-	-	20,144	23,755
Cash and cash equivalents	19	675,398	609,316	584,366	550,262
		-----	-----	-----	-----
Total current assets		2,769,018	2,357,017	2,134,347	1,796,960
		-----	-----	-----	-----
TOTAL ASSETS		3,819,642	3,446,945	3,014,892	2,649,642
		=====	=====	=====	=====
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		1,469,730	1,311,538	1,011,446	933,439
		-----	-----	-----	-----
Total equity		2,060,911	1,902,719	1,602,627	1,524,620
		-----	-----	-----	-----
Liabilities					
Non-current liabilities					
Deferred taxation	15	132,139	131,456	33,873	33,190
Term loan: Falling due above 12 months	22	30,322	90,644	-	-
Employee benefit liabilities	24.1	26,075	10,429	26,075	10,429
		-----	-----	-----	-----
Total non-current liabilities		188,536	232,529	59,948	43,619
		-----	-----	-----	-----

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

continued



2015 ANNUAL REPORT & ACCOUNTS

	Note	The Group		The Company	
		2015 N'000	2014 N'000	2015 N'000	2014 N'000
Trade creditors		238,095	265,910	238,095	265,910
Other creditors and accruals	25	1,056,687	849,935	823,408	618,853
Due to related companies	26	-	-	156,703	69,955
Term loan: Falling due within 12 months	22	33,436	-	-	-
Taxation	9.2	241,977	195,852	134,111	126,685
Total current liabilities		1,570,195	1,311,697	1,352,317	1,081,403
Total liabilities		1,758,731	1,544,226	1,412,265	1,125,022
TOTAL EQUITY AND LIABILITIES		3,819,642	3,446,945	3,014,892	2,649,642

Dr. Mohammed Hassan Koguna
Chairman
July 21, 2015
FRC/2013/CIIN/00000003090

Sule Umar Bichi
Managing Director
July 21, 2015
FRC/2013/ICAN/00000003079

Vincent Ihemenwa
Chief Financial Officer
July 21, 2015
FRC/2013/ICAN/00000003087

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 March 2015



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

The Group

	Issued Capital N'00	Share Premium N'000	Retained Earnings N'000	Total N'000
As at 1 April 2014	294,748	296,433	1,311,538	1,902,719
Profit for the year			383,637	383,637
Other comprehensive income:				
- Actuarial loss on defined benefit plan			(14,529)	(14,529)
Dividend (Note 28)			(206,324)	(206,324)
Tax Back Duty Audit Assessment			(2,574)	(2,574)
Appropriation				
- Red Star Foundation Trust Fund			(2,018)	(2,018)
As at 31 March 2015	294,748	296,433	1,469,730	2,060,911

Consolidated statement of changes in equity for the year ended 31 March 2013

	Issued Capital N'00	Share Premium N'000	Retained Earnings N'000	Total N'000
As at 1 April 2013	294,748	296,433	1,130,193	1,721,374
Profit for the year	-	-	403,634	403,634
Other comprehensive income:				
- Actuarial loss on defined benefit plan			(30,603)	(30,603)
Dividend (Note 28)	-	-	(188,639)	(188,639)
Appropriation				
- Red Star Foundation Trust Fund			(3,047)	(3,047)
As at 31 March 2014	294,748	296,433	1,311,538	1,902,719

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

continued



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

The Company

	Issued Capital N'00	Share Premium N'000	Retained Earnings N'000	Total N'000
As at 1 April 2014	294,748	296,433	933,439	1,524,620
Profit for the year			300,878	300,878
Other comprehensive income:				
Actuarial loss on defined benefit plan			(14,529)	(14,529)
Dividend (Note 28)			(206,324)	(206,324)
Appropriation				
- Red Star Foundation Trust Fund			(2,018)	(2,018)
As at 31 March 2015	294,748	296,433	1,011,446	1,602,627

Consolidated statement of changes in equity for the year ended 31 March 2014

	Issued Capital N'00	Share Premium N'000	Retained Earnings N'000	Total N'000
As at 1 April 2013	294,748	296,433	823,958	1,415,139
Profit for the year	-	-	331,770	331,770
Other comprehensive income:				
Actuarial loss on defined benefit plan	-	-	(30,603)	(30,603)
Dividend (Note 28)	-	-	(188,639)	(188,639)
Appropriation				
- Red Star Foundation Trust Fund	-	-	(3,047)	(3,047)
As at 31 March 2014	294,748	296,433	933,439	1,524,620

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year ended 31 March 2015



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

		The Group		The Company	
	Note	2015	2014	2015	2014
		N'000	N'000	N'000	N'000
CASHFLOW FROM OPERATING ACTIVITIES					
Cash received from customers		6,040,704	6,268,148	3,533,863	3,916,577
Cash paid to suppliers and employees		(5,423,765)	(5,352,450)	(3,166,840)	(3,276,789)
Input/(output) VAT		(115,570)	(148,340)	(94,640)	(126,722)
Tax paid	9.2	(31,252)	(61,320)	(13,205)	(12,362)
		-----	-----	-----	-----
Net cash provided by operating activities	27	470,117	706,038	259,178	500,704
		-----	-----	-----	-----
CASHFLOW FROM INVESTING ACTIVITIES					
Purchase of fixed assets	11	(219,163)	(438,982)	(151,232)	(176,246)
Purchase of intangible assets	12	(9,829)	(2,524)	(9,303)	(2,024)
Proceeds from sale of fixed assets		17,228	3,197	4,481	2,901
Interest received	7	13,205	18,014	12,909	17,195
Dividend received		-	-	78,732	82,513
Decrease/(increase) in investment		-	-	592	(77,061)
		-----	-----	-----	-----
Net cash outflow from investing activities		(198,559)	(420,295)	(63,821)	(152,722)
		-----	-----	-----	-----
CASHFLOW FROM FINANCING ACTIVITIES					
Dividend paid	28	(161,253)	(147,380)	(161,253)	(147,380)
Interest paid		(17,337)	(20,767)	-	-
Loan paid		(26,886)	(23,868)	-	-
		-----	-----	-----	-----
Net cash outflow from financing activities		(205,476)	(192,015)	(161,253)	(147,380)
		-----	-----	-----	-----
Net increase/ (decrease) in cash and cash equivalents		66,082	93,728	34,104	200,602
Cash and cash equivalents at the beginning of the year		609,316	515,588	550,262	349,660
		-----	-----	-----	-----
Cash and cash equivalents at the end of the year		675,398	609,316	584,366	550,262
		=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2015



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

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), the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and Financial Reporting Council of Nigeria Act, No 6, 2011. These financial statements include the application of IAS 27 to the company's investment in its subsidiaries. Separate financial statements, as envisaged by IAS 27, are therefore presented as required under IFRS. These financial statements are presented in Nigerian Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand.

2.2 Functional currency, presentation currency and the level of rounding

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

2.3 Significant accounting judgments, estimates and assumptions

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

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

Material estimates in the financial statements include the following:

2.3.1 Accounts receivable

The allowance for doubtful accounts involves management's 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 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.

NOTES TO THE FINANCIAL STATEMENTS

Continued



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

2.3 Significant accounting judgments, estimates and assumptions - continued

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

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

2.3.3 Intangible assets

The groups intangible assets include purchased computer software and software licences with finite useful lives.

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

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

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

2.3.4 Going concern assumption

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

Material estimates in the financial statements include the following:

Accounts receivable

The allowance for doubtful accounts involves management's 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.

Property, plant and equipment, and intangible assets

Judgments are utilised in determining the depreciation and amortisation rates and useful lives of these assets at the end of the period.

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

NOTES TO THE FINANCIAL STATEMENTS

Continued



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on tangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Intangible assets include computer software and software licences.

Purchased software and software licences with finite useful lives are recognised as assets if there is sufficient certainty that future economic benefits associated with the item will flow to the entity. Amortisation is calculated using the straight-line method over 3 years.

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

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

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Continued



2015 ANNUAL REPORT & ACCOUNTS

3 Summary of significant accounting policies - continued

Asset category	Useful lives
Building	40 years
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

Furniture, Fittings & Equipment (FFE)

These were further broken down individually and analyzed as follows:

Furniture - This consists of tables, chairs, workstations: etc. they are depreciated for 5years

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
Depreciation is also for 5years.

Computer Equipment - This consists of Computers, UPS, scanners and modems. Computer equipment are depreciated over 3years.

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

NOTES TO THE FINANCIAL STATEMENTS

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2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

3 Summary of significant accounting policies - continued

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.

3.5 Inventories

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

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.

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, 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.



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 finance 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 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. 30

● 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.



3 Summary of significant accounting policies - continued

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 statement of profit or loss is removed from OCI and recognised in the statement of 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 term loan from Fidelity bank.

Financial liabilities at amortised cost:

Financial liabilities at amortised cost are measured at amortised cost using the effective interest rate method.

Financial liabilities are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

Continued



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

3 Summary of significant accounting policies - continued

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 income statement.

Deferred tax

Deferred tax is provided using the liability method in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits.

No deferred tax is recognised when relating to temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. 32

Deferred tax items are recognised in correlation to the underlying transaction either in profit or loss, other comprehensive income or directly in equity.

Value Added Tax (VAT)

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

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

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

3.9 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

Continued



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

3 Summary of significant accounting policies - continued

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

3.10 Revenue recognition

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

Rendering of services

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

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.

● Group as a lessor

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

Rental income arising from warehouse lease is reported in the statement of profit and loss.

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 finance income in the income statement.

Dividends

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

3.11 Foreign currency

The Group's financial statements are presented in naira, which is also the company's functional currency. Transactions in the foreign currency are recognized in Naira at the official spot rate at the date of transaction.

NOTES TO THE FINANCIAL STATEMENTS

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3 Summary of significant accounting policies - continued

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

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

3.12 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.

3.13 Employees' benefits

The Group operates the defined contribution pension scheme in line with the Pension Reform Act 2014 as amended. The Group's contributions are accrued and charged to the profit and loss as and when the relevant service is provided by employees. The Group has no further payment obligations once the contributions have been paid.

The employees and the Group contribute 8% and 10% of basic salary, housing and transport allowances respectively. The amount for every month are remitted or accrued for and charged to the income statement.

The Group also contributes to a duly registered gratuity scheme operated by Red Star Retirement Benefit Scheme; employees are eligible to join the scheme after 5 years of continuous service to the company.

Executive directors are entitled to a defined contribution plan (pension) in accordance with Pension Reform Act 2014 as amended and employee's gratuity benefits in accordance with the Group's policy. But non-executive directors are not entitled to any form of pension or post-employment benefits.

The benefits payable to employees on retirement or resignation are accrued over the service life of the employee concerned based on their salary and the cost charged to the income statement.

The liability recognised in the statement of financial position in respect of defined gratuity scheme is the present value of the gratuity obligation at the date of the statement of financial position less the fair value of any plan asset. Remeasurements, 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. Remeasurements are not reclassified to profit or loss in subsequent periods.

3.14 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.



3 Summary of significant accounting policies - continued

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.

3.15 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Red Star Express Plc and its subsidiaries as at 31 March 2015.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends (if any) are eliminated in full. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises both assets and liabilities of the subsidiary and the related non-controlling interest. Investments in the subsidiaries are measured at cost value.

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

3.16 Standards issued but not yet effective

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

IAS 36 Impairment of assets - Amendments to IAS 36

The amendments relate to the disclosure in respect of fair value less costs of disposal. The amendments are intended to clarify the IASB's original intentions when amendments were made to IAS 36 as a result of the issuance of IFRS 13 Fair Value Measurement. The amendments also require additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal and the discount rates that have been used when the recoverable amount. The Group does not expect this amendment to have an impact.

IAS 19 Employee benefits (Amendments)

With Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 Employee Benefits) the IASB has amended the requirements in IAS 19 for contributions from employees or third parties that are linked to service:

- If the amount of the contributions is independent of the number of years of service, contributions may be recognised as a reduction in the service cost in the period in which the related service is rendered (note: this is an allowed but not required method).
- If the amount of the contributions depends on the number of years of service, those contributions must be attributed to periods of service using the same attribution method as used for the gross benefit in accordance with paragraph 70 of IAS 19.

The amendments are intended to provide relief in that entities are allowed to deduct contributions from service cost in the period in which the service is rendered. This was common practice prior to the 2011 amendments to IAS 19. In those cases the impact of retrospective application would be minimal. The amendments are to be applied retrospectively. There is no impact of this amendment on the Group.



3 Summary of significant accounting policies - continued

Net interest on the net defined benefit liability (asset) shall be determined by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Net interest on the net defined benefit liability (asset) can be viewed as comprising interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of the asset ceiling.

Interest income on plan assets is a component of the return on plan assets, and is determined by multiplying the fair value of the plan assets by the discount rate, both as determined at the start of the annual reporting period, taking account of any changes in the plan assets held during the period as a result of contributions and benefit payments. The difference between the interest income on plan assets and the return on plan assets is included in the remeasurement of the net defined benefit liability (asset).

Interest on the effect of the asset ceiling is part of the total change in the effect of the asset ceiling, and is determined by multiplying the effect of the asset ceiling by the discount rate, both as determined at the start of the annual reporting period. The difference between that amount and the total change in the effect of the asset ceiling is included in the remeasurement of the net defined benefit liability (asset).

IFRS 2 Share-based Payment: Definitions of vesting conditions

Performance condition and service condition are defined in order to clarify various issues, including the following:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition

If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment is applied prospectively.

This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Group.

IFRS 3 Business Combinations: 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 should 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 is applied prospectively.

This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Group.

IFRS 8 Operating Segments: Aggregation of operating segments

The amendment 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 amendment is applied retrospectively.



3 Summary of significant accounting policies - continued

This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Group.

IFRS 8 Operating Segments: Reconciliation of the total of the reportable segments' assets to the entity's assets

The amendment clarifies that 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. The amendment is applied retrospectively.

This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Group.

IFRS 9 Financial Instruments

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 2013) is permitted if the date of initial application is before 1 February 2015. IFRS 9 removes the multiple classification and measurement models for financial assets required by

IAS 39 Financial Instruments: Recognition and measurement and introduces a model that has only two classification categories: amortised cost and fair value. Classification is determined by the business model used to manage the financial assets and the contractual cash flow characteristics of the financial assets. The accounting and presentation of financial liabilities and for derecognising financial instruments has been transferred from IAS 39 without any significant changes. The impact on adoption of IFRS 9 is still being assessed by the Group.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to 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 principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 13 Fair Value Measurement: Scope of paragraph 52 (portfolio exception)

The amendment 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). The amendment is applied prospectively.

This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Group.

IAS 1 Disclosure Initiative Amendments to IAS 1

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



3 Summary of significant accounting policies - continued

The amendments clarify:

- The materiality requirements in IAS 1.
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated.
- That entities have flexibility as to the order in which they present the notes to financial statements.
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. The amendments are effective for annual periods beginning on or after 1 January 2016 and are not expected to have a material impact on the Group's financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Revaluation method- proportionate restatement of accumulated depreciation/amortization

The amendment to IAS 16 and IAS 38 clarifies that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. The amendment also clarifies that accumulated depreciation/amortisation is the difference between the gross and carrying amounts of the asset. The amendment is applied retrospectively.

This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Group.

IAS 24 Related Party Disclosures: Key management personnel

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment is applied retrospectively.

This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Group.

IFRS 3 Business Combinations: Scope exceptions for joint ventures

The amendment clarifies that, joint arrangements, not just joint ventures, are outside the scope of IFRS 3. The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. It is not expected that this amendment would be relevant to the Group.

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 if the transaction is the purchase of an asset or business combination. The amendment is applied prospectively.

This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Group.

IAS 1 Clarification of the requirement for comparative information (Amendment)

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily

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2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. The change did not have a material impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities

Effective for annual periods beginning on or after 1 January 2014. The amendments must be applied retrospectively, subject to certain transition reliefs.

The investment entities amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity.

The key amendments include:

- Investment entity' is defined in IFRS 10 Consolidated Financial Statements
- An entity must meet all three elements of the definition and consider whether it has four typical characteristics, in order to qualify as an investment entity
- An entity must consider all facts and circumstances, including its purpose and design, in making its assessment
- An investment entity accounts for its investments in subsidiaries at fair value through profit or loss in accordance with IFRS 9 (or IAS 39, as applicable), except for investments in subsidiaries that provide services that relate to the investment entity's investment activities, which must be consolidated
- An investment entity must measure its investment in another controlled investment entity at fair value
- A non-investment entity parent of an investment entity is not permitted to retain the fair value accounting that the investment entity subsidiary applies to its controlled investees
- For venture capital organisations, mutual funds, unit trusts and others that do not qualify as investment entities, the existing option in IAS 28 Investments in Associates and Joint Ventures, to measure investments in associates and joint ventures at fair value through profit or loss, is retained.

These amendments will not have any impact on the Group's financial statements.

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The standard had no material effect on the Group.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

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2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group does not expect that IFRIC 21 will have material financial impact in future financial statements.

3.17 Standards that became effective as of 1 January 2014

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.

3.18 Fair value measurement

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

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

The principal or the most advantageous market must be accessible 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.

NOTES TO THE FINANCIAL STATEMENTS

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2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

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

As at 31 March 2015

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	31.03.2015	601	601		
Liabilities for which fair values are disclosed					
Interest-bearing loans and borrowings					
Fixed rate loan	31.03.2015	67,965		67,965	

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

As at 31 March 2014

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	31.03.2014	1,193	1,193		
Liabilities for which fair values are disclosed (Note)					
Interest-bearing loans and borrowings					
Fixed rate loan (Note 22)	31.03.2014	92,855		92,855	

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

NOTES TO THE FINANCIAL STATEMENTS

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2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

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			
		2015 N'000	2014 N'000	2015 N'000	2014 N'000
Financial assets					
Quoted equity shares		601	1,193	601	1,193
		-----	-----	-----	-----
Total		601	1,193	601	1,193
		=====	=====	=====	=====
Financial liabilities					
Interest bearing loan and borrowing		63,758	90,644	67,965	92,855
		-----	-----	-----	-----
Total		63,758	90,644	67,965	92,855
		=====	=====	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS

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2015 ANNUAL REPORT & ACCOUNTS

31 MARCH 2015

	The Group		The Company	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
4 Revenue				
Analysis by product				
Courier	3,884,506	3,922,697	3,884,506	3,922,697
Logistics	1,019,722	1,064,311	-	-
Freight	290,549	205,895	-	-
Support services	1,463,691	1,223,527	-	-
	6,658,468	6,416,430	3,884,506	3,922,697
	=====	=====	=====	=====
5 Other operating income				
Bad debt recovered	-	100	-	-
Dividend from subsidiaries	-	78,732	82,513	-
Exchange gain	7,592	7,554	-	7,554
Insurance claim	-	2,627	-	-
Other sundry income	4,025	2,585	2,020	-
Profit on disposals of fixed assets	721	2,951	2,726	2,901
Warehouse Rent	28,869	4,750	-	4,750
	41,207	20,567	83,478	97,718
	=====	=====	=====	=====
6 Administrative expenses				
Annual general meeting expenses	15,607	13,725	8,274	10,056
Audit fee	13,100	11,700	10,000	9,000
Provisions for doubtful debts	71,417	85,351	32,622	59,079
Bank charges	20,656	39,251	11,472	13,306
Communication and telephone	72,994	65,923	52,768	61,940
Amortisation of intangible assets	9,374	10,501	9,207	10,501
Depreciation	65,837	48,499	50,133	42,938
Impairment loss on investment	592	-	592	-
Hotel accommodation and entertainment	43,877	32,413	39,683	29,333
Employee benefit expenses	21,772	13,626	17,650	10,576
Insurance	10,605	7,559	5,622	3,956
Legal and professional charges	57,037	56,849	46,677	51,970
Medical	22,083	18,867	12,680	13,755
Newspaper and periodicals	3,223	2,133	1,034	1,927
Office protection services	38,257	25,148	25,968	20,109
Personnel costs	427,006	397,107	214,929	222,826
Power and water	118,292	90,960	76,794	87,509
Exchange loss	-	-	1,541	-
Printing and stationery	102,407	86,623	88,223	81,309
Publicity and promotion	54,816	40,272	26,773	34,134
Repairs and maintenance	112,597	93,961	109,000	90,878
Subscriptions and donations	18,849	21,128	14,395	18,287
Training	6,941	5,257	5,618	4,220
Transportation and travelling costs	56,842	55,039	45,059	49,908
	1,364,181	1,221,892	906,714	927,517
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

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2015 ANNUAL REPORT & ACCOUNTS

31 MARCH 2015

	The Group 2015 N '000	2014 N '000	The Company 2015 N '000	2014 N '000
7 Finance income				
Interest received from fixed deposit	13,205	18,014	12,909	17,195
	=====	=====	=====	=====
8 Profit before taxation				
Depreciation	246,039	200,740	125,333	103,543
Amortization of intangible assets	9,374	10,501	9,207	10,501
Impairment loss on investment	592	-	592	-
Audit fee	13,100	11,700	10,000	9,000
Profit on disposal of fixed assets	(721)	(2,951)	(2,726)	(2,901)
Directors emoluments	62,264	32,016	62,264	32,016
Exchange (gain)/loss	(7,592)	(7,554)	1,541	(7,554)
Dividend received	-	-	78,732	82,513
Provision for staff pension	76,156	71,851	32,123	15,935
	=====	=====	=====	=====
9 Taxation				
9.1 Statement of Comprehensive Income				
Income taxation	201,490	163,137	105,367	98,108
Education tax	19,025	17,875	10,241	10,074
	-----	-----	-----	-----
	220,515	181,012	115,608	108,182
Deferred taxation (Note 15)				
Relating to origination & reversal of temporary differences	6,910	19,245	6,910	(7,353)
	-----	-----	-----	-----
	227,425	200,257	122,518	100,829
	=====	=====	=====	=====
9.2 Statement of Financial Position				
At the beginning of the year	195,852	233,220	126,685	119,810
Current year tax provision	220,515	181,012	115,608	108,182
Tax Back Duty Audit Assessment	2,574	-	-	-
Payment during the year	(31,252)	(61,320)	(13,205)	(12,362)
Withholding tax credit utilized	(145,712)	(157,060)	(94,977)	(88,945)
	-----	-----	-----	-----
	241,977	195,852	134,111	126,685
	=====	=====	=====	=====
9.3 Reconciliation of income tax expense and accounting profit multiplied by CIT.				
Non-deductable expenses for tax purpose				
Profit before tax	611,062	603,891	423,396	432,599
	=====	=====	=====	=====
Nigeria's statutory income tax rate of 30%	183,319	181,167	127,019	129,780
Unrealised exchange (gain)/loss	(2,278)	(2,266)	462	(2,869)
Donation	165	260	165	260
Profit on disposal of fixed assets	(216)	(885)	(818)	(870)
Adjustment and provision	-	(16,909)	-	(13,238)
Dividend received	-	-	(23,620)	(24,754)
Non-deductible expenses	27,410	21,015	9,069	2,446
Education Tax	19,025	17,875	10,241	10,074
	-----	-----	-----	-----
Income tax expense	227,425	200,257	122,518	100,829
	=====	=====	=====	=====

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2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

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.

	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Profit attributable to ordinary equity holders	383,637 =====	403,634 =====	300,878 =====	331,770 =====
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	N0.65 =====	N0.68 =====	N0.51 =====	N0.56 =====

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The Group 31 March 2015

11. Property, plant and equipment

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

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2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

The Group 31 March 2014

11. Property, plant and equipment

COSTS

	Land N'000	Building N'000	Plant & Machinery N'000	Motor Vehicles N'000	Motor Cycle N'000	Computer & Other IT Equipment N'000	Furniture & Fittings N'000	Capital- work-in- progress N'000	Total N'000
At 1 April 2013	74,647	342,668	65,623	320,115	181,624	116,394	39,276	78,383	1,218,730
Addition	66,560	1,440	553	188,128	23,846	71,777	6,699	79,979	438,982
Reclassifications	-	-	-	156,714	-	-	156	(156,870)	-
Disposals	-	-	-	(16,012)	(1,431)	(146)	(65)	-	(17,654)

At 31 March 2014 141,207 344,108 66,176 648,945 204,039 188,025 46,066 1,492 1,640,058

DEPRECIATION

At 1 April 2013	-	18,724	10,917	138,561	138,820	64,928	20,177	-	392,127
Charge for the year	-	8,574	10,748	78,853	57,670	37,430	7,465	-	200,740
Disposal	-	-	-	(13,190)	(1,184)	(3,030)	(4)	-	(17,408)

At 31 March 2014 - 27,298 21,665 204,224 195,306 99,328 27,638 - 575,459

Net Book Value

At 31 March 2014	141,207	316,810	44,511	444,721	8,733	88,697	18,409	1,492	1,064,599
At 31 March 2013	74,647	323,944	54,706	181,554	42,804	51,466	19,099	78,383	826,603

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2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

The Company 31 March 2015

11. Property, plant and equipment

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

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2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

The Company 31 March 2014

11. Property, plant and equipment

	Land N'000	Building N'000	Plant & Machinery N'000	Motor Vehicles N'000	Motor Cycle N'000	Computer & Other IT Equipment N'000	Furniture & Fittings N'000	Capital- work-in- progress N'000	Total N'000
COSTS									
At 1 April 2013	74,647	229,263	57,249	137,634	41,185	109,473	22,440	-	671,891
Addition		1,440	553	73,055	23,846	71,173	5,059	1,120	176,246
Reclassifications									
Disposals				(16,012)	(1,136)	(146)	(65)	-	(17,359)
At 31 March 2014	74,647	230,703	57,802	194,677	63,895	180,500	27,434	1,120	830,778
DEPRECIATION									
At 1 April 2013	-	13,051	10,428	74,490	28,344	60,758	13,888	-	200,959
Charge for the year	-	5,739	7,984	38,751	10,935	36,591	3,543	-	103,543
Disposal	-	(13,190)	(1,135)	(3,030)	(4)	-	(17,359)		
At 31 March 2014	-	18,790	18,412	100,051	38,144	94,319	17,427	-	287,143
Net Book Value									
At 31 March 2014	74,647	211,913	39,390	94,626	25,751	86,181	10,007	1,120	543,635
At 31 March 2013	74,647	216,212	46,821	63,144	12,841	48,715	8,552	-	470,932

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12 Intangible assets

GROUP COMPANY

Cost:	N'000	N'000
At 1 April 2014	35,066	34,567
Additions externally acquired	9,829	9,303
	-----	-----
At 31 March 2015	44,895	43,870
	-----	-----
Amortization:		
At 1 April 2014	24,367	24,215
Amortization charge for the year	9,374	9,207
	-----	-----
At 31 March 2015	33,741	33,422
	-----	-----
Net Book Value:		
At 31 March 2015	11,154	10,448
	=====	=====
At 31 March 2014	10,698	10,351
	=====	=====

The Group's intangible asset represents N44,895 investments on computer software and software licenses. This is to be amortised to income statement over a period of three years when the application is installed and put into use. At present, no impairment is deemed to be required. There is no further contractual commitment to acquire intangible assets as at 31 March 2015.

	The Group		The Company	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
13 Prepayment				
Current portion	57,843	41,405	37,609	32,684
Non-current portion	16,153	11,938	16,153	11,938
	-----	-----	-----	-----
At 31 March 2015	73,996	44,622	53,762	44,622
	=====	=====	=====	=====

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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	The Group		The Company	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
14 Long term investment				
Available for sale instrument:				
Neimeth International				
Pharmaceuticals Plc	2,057	2,057	2,057	2,057
Impairment loss	(1,456)	(864)	(1,456)	(864)
	-----	-----	-----	-----
	601	1,193	601	1,193
	-----	-----	-----	-----
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
	-----	-----	-----	-----
	601	1,193	284,666	285,258
	=====	=====	=====	=====

Neimeth International Pharmaceutical Plc is a listed entity on the Nigerian Stock Exchange (Note 3.19).

Red Star Express Plc has a 100% interest in Red Star Freight Limited (RSF), Red Star Supports Services Limited (RSS) and Red Star Logistics Limited (RSL). RSF primary activities are the transportation of goods via sea and/or air, RSS renders outsourcing services such as mail management while RSL is involved in heavy duty haulages on road within the country. The subsidiaries are private entities and are not listed on any public exchange.

	The Group		The Company	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
15.1 Deferred taxation				
At the beginning of the year	131,456	99,096	33,190	27,428
Tax income or (expenses) during				
the period recognized in P/L	6,910	19,245	6,910	(7,353)
Tax income or (expenses) during				
the period recognized in OCI	(6,227)	(13,115)	(6,227)	(13,115)
	-----	-----	-----	-----
At the end of the year	132,139	131,456	33,873	33,190
	=====	=====	=====	=====

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2015 ANNUAL REPORT & ACCOUNTS

	The Group		The Company	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
15.2 Deferred tax relates to the following:				
Accelerated depreciation for tax purposes	166,288	170,471	61,761	63,640
Gratuity	(7,823)	(3,129)	(7,823)	(3,129)
Provision for diminution	(178)	(168)	(178)	(168)
Impairment of receivables	(28,426)	(37,984)	(19,425)	(29,419)
Foreign exchange (loss)/gain	2,278	2,266	(462)	2,266
	-----	-----	-----	-----
At the end of the year	132,139	131,456	33,873	33,190
	=====	=====	=====	=====
16 Inventories				
Stationeries and packaging materials	46,189	53,597	44,384	51,158
Fuel & Oil	6,029	6,045	6,029	6,045
Less Provision	-	-	-	-
	-----	-----	-----	-----
	52,218	59,642	50,413	57,203
	=====	=====	=====	=====
17 Trade receivables				
Trade receivables	1,647,327	1,430,005	1,177,021	952,648
Provision for bad debt	(94,753)	(140,318)	(64,751)	(98,064)
	-----	-----	-----	-----
	1,552,574	1,289,687	1,112,270	854,584
	=====	=====	=====	=====

Trade receivables are non-interest bearing and are generally on terms of 30 to over 271 days.

For terms and conditions relating to related party receivables, refer to Note 26.

As at 31 March 2015, trade receivables of an initial value of N94,752,590 (2014: N140,318,211), and N64,750,946 (2014: N98,064,234) 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 2013	126,613	-	126,613
Charge for the year	85,351	-	85,351
Utilised	(71,646)	-	(71,646)
	-----	-----	-----
At 1 April 2014	140,318	-	140,318
Charge for the year	71,417	-	71,417
Utilised	(116,982)	-	(116,982)
	-----	-----	-----
At 31 March 2015	94,753	-	94,753
	=====	=====	=====

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The Company

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

		Neither past Due nor impaired		Past due but not impaired
		0-90	91-180	181-270
	Total	Days	Days	Days
	N'000	N'000	N'000	N'000
2015	1,552,574	947,070	230,091	375,413
2014	1,289,687	770,686	156,759	362,242

	Individually impaired	Collectively impaired	Total
	N'000'	N'000'	N'000'
At 1 April 2013	101,298	-	101,298
Charge for the year	59,079	-	59,079
Utilised	(62,313)	-	(62,313)
At 1 April 2014	98,064	-	98,064
Charge for the year	32,622	-	32,622
Utilised	(65,935)	-	(65,935)
At 31 March 2015	64,751	-	64,751

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

		Neither past Due nor impaired		Past due but not impaired
		0-90	91-180	181-270
	Total	Days	Days	Days
	N'000	N'000	N'000	N'000
2015	1,112,270	554,611	129,725	427,934
2014	854,584	434,743	81,714	338,127

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

	The Group		The Company	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
18 Other receivables				
Unutilized WHT receipts	197,478	150,410	160,545	140,545
Staff car advance	88,869	79,991	88,869	64,176
Union dues	-	1,562	-	1,562
Other receivables	7,200	5,546	7,200	5,196
Other staff advances	137,438	119,458	72,931	66,993
	430,985	356,967	329,545	278,472
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

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2015 ANNUAL REPORT & ACCOUNTS

	The Group		The Company	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
19 Cash and bank balances				
Cash balances	509	1,930	465	1,915
Cash -in- transit	43,717	29,941	42,213	28,990
Bank balances	401,683	231,957	312,199	173,869
Short term deposit	229,489	345,488	229,489	345,488
	-----	-----	-----	-----
	675,398	609,316	584,366	550,262
	=====	=====	=====	=====

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	
	2015 N'000	2014 N'000	2015 N'000	2014 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
	=====	=====	=====	=====

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.

	The Group		The Company	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
22. Long-term	30,322	90,644	-	-
Short-term	33,436	-	-	-
	-----	-----	-----	-----
Term loan	63,758	90,644	-	-
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

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2015 ANNUAL REPORT & ACCOUNTS

	Less than 12 months N'000	1 Year and above N'000	Total N'000
Term Loan			
Year ended 31 March 2015	33,436	30,322	63,758
	=====	=====	=====

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

23. Deposit for shares

This represents deposit for additional investment in Red Star Freight Limited. As soon as the authorised Share Capital of Red Star Freight Limited is increased, the deposit for shares will be utilised for additional investment

24.1 Pensions and other post-employment benefit plans	2015 N'000	2014 N'000
Net employee defined benefit liabilities	(26,075)	(10,429)
	=====	=====

The Group's defined benefit pension plans is a final salary plan for Red Star Express Plc employees, which requires contributions to be made to separately administered funds.

The Group's planned asset is invested in cash.

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:

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

NOTES TO THE FINANCIAL STATEMENTS

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2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

24.2 2015 changes defined benefit obligation

Pension obligation charged to profit or loss					Re-measurement (gains)/losses in other comprehensive income						
1-Apr-14	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 2015	
Defined benefit obligation	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
(468,653)	(68,400)	(52,351)	(120,751)	48,720	(9,789)	(8,342)	(2,625)	(20,756)		(561,440)	
Fair value of plan assets	458,224	55,694	55,694	(48,720)	-	-	-	-	70,167	535,365	
Benefit liability	(10,429)		(65,057)	-	(9,789)	(8,342)	(2,625)	(20,756)	70,167	(26,075)	

24.2 2014 changes defined benefit obligation

Pension obligation charged to profit or loss					Re-measurement (gains)/losses in other comprehensive income						
1-Apr-13	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 2014	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
Defined benefit obligation	(402,666)	(52,868)	(27,525)	(80,393)	58,124	(19,583)	(22,032)	(2,103)	(43,718)	-	(468,653)
Fair value of plan assets	401,662	-	24,100	24,100	(58,124)	-	-	-	-	90,586	458,224
Benefit liability	(1,004)			(56,293)	-	(19,583)	(22,032)	(2,103)	(43,718)	90,586	(10,429)

NOTES TO THE FINANCIAL STATEMENTS

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2015 ANNUAL REPORT & ACCOUNTS

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

	2015	2014
	%	%
Discount rate:	10	10
Future salary increases	5	5
Mortality rate	8	8

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

	Future salary increases	Discount rate	Mortality rate
	1% Decrease N'000	1% Increase N'000	1% Decrease N'000
Sensitivity level	1% Increase N'000	1% Decrease N'000	1% Increase N'000
2015			
Impact on defined benefit obligation	508,992	(581,314)	584,601
			(543,783)
			564,877
			(517,758)
2014			
Impact on defined benefit obligation	407,194	(465,051)	467,681
			(435,026)
			451,902
			(414,206)

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

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

	2015	2014
	N'000	N'000
Within the next 12 months (next annual reporting period)	101,851	76,283
Between 2 and 5 years	305,553	228,849
Between 5 and 10 years	712,957	533,981
Beyond 10 years	814,808	610,264
Total expected payments	1,935,169	1,449,377
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

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2015 ANNUAL REPORT & ACCOUNTS

	The Group 2015 N'000	2014 N'000	The Company 2015 N'000	2014 N'000
25. Other creditors and accruals				
Accruals	307,628	333,321	214,974	215,362
Customers deposit	127,556	98,739	127,556	98,739
Agent clearing charges	98,141	38,566	98,142	38,566
Union dues	5,103	-	5,103	-
WHT	58,409	44,339	50,253	35,816
VAT	182,424	108,223	132,968	64,891
Staff pension (note 25.1)	54,947	42,206	7,422	699
Unclaimed dividend	50,018	114,570	50,018	114,570
Other creditors	172,461	69,971	136,972	50,210
	1,056,687	849,935	823,408	618,853
	=====	=====	=====	=====
25.1 Staff pension accruals				
At the beginning of the year	42,206	40,033	699	9,563
Provision for the year	143,609	112,660	61,204	51,287
	-----	-----	-----	-----
	185,815	152,693	61,903	60,850
Payment during the year	(130,868)	(110,487)	(54,481)	(60,151)
	-----	-----	-----	-----
At the end of the year	54,947	42,206	7,422	699
	=====	=====	=====	=====

26. Related party disclosure

The Group holds 100% equity interest in Red Star Freight Limited, Red Star Support Services Limited and Red Star Logistics Limited. The transactions with the related party are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees received for any related party receivables. For the year ended 31 March 2015, the Group has not recorded impairment of receivables relating to amounts owed by related parties.

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

	Nature of transaction	Transaction Value	Balance receivable/ (payable)	Balance receivable/ (payable)
			2015	2014
		N'000	N'000	N'000
Related Companies:				
	Transfer of funds and payments for goods and services.			
Red Star Freight Ltd		41,175	15,138	1,787
Red Star Logistics Ltd		24,163	5,006	21,968
Red Star Support Services Ltd		262,847	(156,703)	(69,955)

NOTES TO THE FINANCIAL STATEMENTS

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2015 ANNUAL REPORT & ACCOUNTS

27. Reconciliation of net profit to cash from operating activities

	The Group		The Company	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
Net profit after taxation	383,637	403,634	300,878	331,770
Adjustment to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	255,413	211,391	134,540	114,044
Profit on disposal of fixed assets	(721)	(2,951)	(2,726)	(2,901)
Interest paid	17,337	20,767	-	-
Interest received	(13,205)	(18,014)	(12,909)	(17,195)
Dividend received	-	-	(78,732)	(82,513)
Changes in assets and liabilities:				
Decrease/(Increase) in inventories	7,424	(7,259)	6,790	(6,481)
(Increase)/decrease in trade debtors	(271,746)	(8,838)	(219,972)	70,521
Increase in other Debtors and prepayments	(100,804)	(103,354)	(74,742)	(90,652)
(Increase)/decrease in amount due from related companies	-	-	(3,611)	64,509
(Decrease)/Increase in trade creditors	(27,815)	56,277	(27,815)	56,277
Increase/(decrease) in other Creditors and accruals	158,143	163,083	126,975	95,049
Increase/(decrease) in amount due to related companies	-	-	86,748	(40,671)
Increase/(decrease) in taxation payable	46,126	(37,368)	7,426	(6,875)
Increase/(decrease) in deferred taxation	682	19,245	682	(7,353)
Increase/(decrease) in employee benefits	15,646	9,425	15,646	9,425
Net cashflow provided by operating activities	470,117	706,038	259,178	500,704
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

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2015 ANNUAL REPORT & ACCOUNTS

28. Distributions made and proposed

	N'000
Dividends on ordinary shares:	
Final dividend for 2012: 32k per share	188,639
Withholding tax	(18,864)

Dividend Payable	169,775
Dividend paid during the year	(147,380)
Dividend Payable	(22,395)

31 March 2014	-
	=====
Final dividend for 2013: 35k per share	206,324
Withholding tax	(20,632)

Dividend Payable	185,692
Dividend paid during the year	(161,253)
Dividend Payable	(24,439)

31 March 2015	-
	=====

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

Directors	The Group		The Company	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Remuneration paid to the Directors was:				
Short-term employee benefit				
Fees and sitting allowances	11,145	8,235	8,235	8,235
Executive compensation	7,964	7,443	7,815	7,443
Other Directors expenses and benefits	21,155	16,338	21,155	16,338
	-----	-----	-----	-----
	40,264	32,016	40,264	32,016
Post-employment benefits	22,000*	-	22,000*	-
	-----	-----	-----	-----
	62,264	32,016	62,264	32,016
	=====	=====	=====	=====

*This represents payments made to two directors that retired after over 20 years as directors.

NOTES TO THE FINANCIAL STATEMENTS

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2015 ANNUAL REPORT & ACCOUNTS

Fees and other emoluments disclosed above include amounts paid to:

The Chairman	2,155	1,760	2,155	1,760
The highest paid Director	13,581	13,225	13,581	13,225

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	6	5	6	5
N 2,000,001 - N 3,000,000	-	-	-	-
N 3,000,001 and above	2	2	2	2
	===	===	===	===

30. Staff number and higher paid employees

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

	The Group		The Company	
	2015	2014	2015	2014
	Number	Number	Number	Number
Managerial	13	6	12	5
Senior	47	48	37	36
Supervisors	343	207	71	62
Junior	1,466	1,543	172	188
	-----	-----	-----	-----
	1,869	1,804	292	291
	=====	=====	=====	=====

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

	The Group		The Company	
	2015	2014	2015	2014
	Number	Number	Number	Number
N140,001 - N210,000	1,466	1,541	172	186
N210,001 - N360,000	343	207	71	62
N360,001 - N900,000	47	48	37	36
N900,001 - N1,700,000	11	6	10	5
N1,700,001 - N2,011,000	2	2	2	2
	-----	-----	-----	-----
	1,869	1,804	292	291
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

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2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

31(a) Segment information

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

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

Segment statement of Comprehensive income	Courier		Freight		Logistics		Support services		Group	
	15-Mar N'000	14-Mar N'000	15-Mar N'000	14-Mar N'000	15-Mar N'000	14-Mar N'000	15-Mar N'000	14-Mar N'000	15-Mar N'000	14-Mar N'000
Revenue (External customer)	3,884,506	3,922,697	290,549	205,895	1,019,722	1,064,311	1,463,691	1,223,527	6,658,468	6,416,430
Finance income	12,909	17,195	-	819	296	-	-	13,205	18,014	
Cost of sales	(2,650,783)	(2,677,494)	(219,142)	(160,131)	(854,501)	(771,440)	(995,874)	(999,396)	(4,720,300)	(4,608,461)
Other Income	83,478	97,718	29	40	36,432	5,273	-	49	*42,748	20,567
Operating expenses	(906,714)	(927,517)	(47,583)	(27,939)	(61,410)	(126,546)	(348,474)	(139,890)	(1,365,722)	(1,221,892)
Finance Cost	-	-	-	-	(17,337)	(20,767)	-	-	(17,337)	(20,767)
Profit before taxation	423,396	432,599	23,853	18,684	123,202	150,831	119,343	84,290	611,062	603,891
Taxation	(122,518)	(100,829)	(9,580)	(8,312)	(50,438)	(37,635)	(44,889)	(53,481)	(227,425)	(200,257)
Profit after taxation	300,878	331,770	14,272	10,372	72,763	113,196	74,454	30,809	383,637	403,634

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

Segment statement of financial position	Courier		Freight		Logistics		Support services		Group	
	15-Mar N'000	14-Mar N'000	15-Mar N'000	14-Mar N'000	15-Mar N'000	14-Mar N'000	15-Mar N'000	14-Mar N'000	15-Mar N'000	14-Mar N'000
Total Non-current assets	880,545	852,682	407	581	348,250	372,093	105,486	148,637	1,050,624	1,089,928
Current assets	2,134,347	1,796,960	109,640	91,372	416,644	383,299	285,234	179,080	2,769,018	2,357,017
Total assets	3,014,892	2,649,642	110,047	91,953	764,893	755,392	390,721	327,717	3,819,642	3,446,945
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	1,011,446	993,439	54,837	48,428	244,716	229,682	158,730	99,989	1,469,730	1,311,538
Non-current liabilities	59,949	43,619	98	98	125,861	152,748	36,064	36,063	188,536	232,529
Current liabilities	1,352,316	1,081,403	45,111	33,427	169,316	147,962	146,862	142,600	1,570,195	1,311,697
Total equity and liabilities	3,014,892	2,649,642	110,047	91,953	764,893	755,392	390,721	327,717	3,819,642	3,446,945

NOTES TO THE FINANCIAL STATEMENTS

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2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

32. Financial risk management

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

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

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

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

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

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.

(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 2015, the Group had 222 customers (2014: 210 customers) that owed the Group more than N1,000,000 each and accounted for approximately 63% (2014: 66%) of all receivables.

There were 15 customers (2014: 8 customers) with balances greater than N10 million accounting for over 21% (2014: 16%) 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 sales, finance and internal audit department to review the outstanding balances on customers' account. Insurance certificate is required before credit is granted to key distributors. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial conditions of account receivable and where appropriate, credit guarantee insurance cover is purchased.

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

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(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 2015 and 2014 is the carrying amounts as illustrated in Note 19.

2. Liquidity risk

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

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

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

Year ended 31 March 2015	On Demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Total N'000
Trade and other payables	280,734 =====	541,045 =====	473,003 =====	- =====	1,294,782 =====
Year ended 31 March 2014	On Demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Total N'000
Trade and other payables	219,263 =====	586,926 =====	309,656 =====	- =====	1,115,845 =====
	Less than 12 months N'000	1 Year and above N'000	Total N'000		
Term Loan					
Year ended 31 March 2015	33,436 =====	30,322 =====	63,758 =====		

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2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

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

Year ended 31 March 2015	On Demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Total N'000
Trade and other payables	339,314 =====	489,047 =====	389,845 =====	- =====	1,218,206 =====
Year ended 31 March 2014	On Demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Total N'000
Trade and other payables	312,886 =====	397,765 =====	244,067 =====	- =====	954,718 =====

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.

33. **Capital management**

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

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No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2015 and 2014. In order to ensure an appropriate return for shareholder's capital invested in the Group, management thoroughly evaluates all material projects and potential acquisitions before approval. The Group is not subject to any capital restriction requirements.

34. Events after the reporting period

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

35. Commitments and contingencies

Capital commitments

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

	The Group	
	2015	2014
	N'000	N'000
Within one year	28,869	4,750
Above one year	-	-
	-----	-----
	28,869	4,750
	=====	=====

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 2015, there were no contingent liabilities. The Directors are of the opinion that based on the solicitors' advice no material loss will arise from them. Consequently, no provision has been made in these consolidated financial statements for the amount.

Guarantees

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

STATEMENT OF VALUE ADDED

For the Year ended 31 March 2015



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

The Group

	2015		2014	
	N '000	%	N'000	%
Revenue	6,658,468		6,416,430	
Cost Of Goods And Other Services Local	(5,351,534)		(5,228,993)	
	-----		-----	
	1,306,934		1,187,437	
Non-Trading Items	55,953		38,581	
	-----		-----	
Total Value Added	1,361,347		1,226,018	
	=====		=====	

APPLIED AS FOLLOWS:

EMPLOYEES

- as salaries and labour related expenses	487,962	34%	410,736	34%
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TO GOVERNMENT:

- as Company taxes	227,425	17%	181,012	15%
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RETAINED FOR THE COMPANY'S FUTURE

- for assets replacement (depreciation & amortization)	255,413	19%	211,391	17%
- deferred taxation	6,910	1%	19,245	2%
- for expansion (profit retained)	383,637	29%	403,634	32%
	-----		-----	
	1,361,347	100%	1,226,018	100%
	=====		=====	

STATEMENT OF VALUE ADDED

For the Year ended 31 March 2015



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

The Company

	2015		2014	
	N'000	%	N'000	%
Revenue	3,884,506		3,922,697	
Cost Of Goods And Other Services - Local	(3,133,335)		(3,258,088)	
	-----		-----	
	751,171		664,609	
Non-Trading Items	96,387		114,913	
	-----		-----	
Total Value Added	847,558		779,522	
	=====		=====	

APPLIED AS FOLLOWS:

EMPLOYEES

- as salaries and labour related expenses	282,712	34%	232,879	30%
---	---------	-----	---------	-----

TO GOVERNMENT:

- as Company taxes	122,518	14%	108,182	14%
--------------------	---------	-----	---------	-----

RETAINED FOR THE COMPANY'S FUTURE

- for assets replacement (depreciation& amortization)	134,540	16%	114,044	15%
- deferred taxation	6,910	1%	(7,353)	(1%)
- for expansion (profit retained)	300,878	35%	331,770	42%
	-----		-----	
	847,558	100%	779,522	100%
	=====		=====	

FIVE - YEAR FINANCIAL SUMMARY

For the Year ended 31 March 2015



2015 ANNUAL REPORT & ACCOUNTS

The Group

	IFRS		Local GAAP		
	2015	2014	2013	2012	2011
	N '000	N '000	N '000	N '000	N '000
STATEMENT OF COMPREHENSIVE INCOME					
Revenue	6,658,468	6,416,430	5,293,813	5,029,598	4,207,877
Profit before taxation	611,062	603,891	544,961	617,934	411,301
Profit after taxation	383,637	403,634	304,525	304,792	333,594
	=====	=====	=====	=====	=====
Per N1 share date (kobo):					
Earning - Basic	0.65	0.68	0.52	0.52	0.57
	=====	=====	=====	=====	=====

	IFRS		Local GAAP		
	2015	2014	2013	2012	2011
	N '000	N '000	N '000	N '000	N '000

STATEMENT OF FINANCIAL POSITION

Assets and Liabilities

Property, plant & equipment	1,021,216	1,064,599	826,603	674,198	731,086
Intangible assets	11,154	10,698	18,828	13,121	8,132
Long term prepayment	16,153	11,938	4,838	15,532	16,845
Long term investment	601	1,193	633	633	929
Deferred taxation	-	-	-	12,270	-
Employee benefit assets	-	-	-	56,940	63,231
Deposit for shares	1,500	1,500	1,500	1,500	1,500
Net current assets	1,198,823	1,045,320	1,096,699	934,981	793,940
Non-current liabilities	(188,536)	(232,529)	(227,727)	(37,263)	(55,428)
	=====	=====	=====	=====	=====
	2,060,911	1,902,719	1,721,374	1,671,912	1,560,235
	=====	=====	=====	=====	=====

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	1,469,730	1,311,538	1,130,193	1,080,731	969,054
	=====	=====	=====	=====	=====
	2,060,911	1,902,719	1,721,374	1,671,912	1,560,235
	=====	=====	=====	=====	=====

FIVE - YEAR FINANCIAL SUMMARY

For the Year ended 31 March 2015



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

The Company

	→ IFRS ←		→ Local GAAP ←		
	2015	2014	2013	2012	2011
	N '000	N '000	N '000	N '000	N '000
STATEMENT OF COMPREHENSIVE INCOME					
Revenue	3,884,506	3,922,697	3,488,531	3,471,182	2,924,593
Profit before taxation	423,396	432,599	397,537	505,328	198,936
Profit after taxation	300,878	331,770	246,720	252,258	209,452
	=====	=====	=====	=====	=====
Per N 1 share date (kobo):					
Earning Basic	0.51	0.56	0.42	0.43	0.36
	=====	=====	=====	=====	=====

	→ IFRS ←		→ Local GAAP ←		
	2015	2014	2013	2012	2011
	N '000	N '000	N '000	N '000	N '000
STATEMENT OF FINANCIAL POSITION					
Assets and Liabilities					
Property, plant & equipment	567,778	543,635	470,932	449,253	482,917
Intangible assets	10,448	10,351	18,828	13,121	8,132
Long term prepayment	16,153	11,938	4,838	15,532	16,845
Long term investment	284,666	285,258	207,637	207,637	207,933
Deferred taxation	-	-	-	12,270	-
Employee benefit assets	-	-	-	56,940	63,231
Deposit for shares	1,500	1,500	1,500	1,500	1,500
Net current assets	782,031	715,557	752,951	667,229	597,508
Non-current liabilities	(59,948)	(43,619)	(41,547)	-	(13,727)
	=====	=====	=====	=====	=====
	1,602,627	1,524,620	1,415,139	1,423,482	1,364,339
	=====	=====	=====	=====	=====

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	1,011,446	933,439	823,958	832,301	773,158
	=====	=====	=====	=====	=====
	1,602,627	1,524,620	1,415,139	1,423,482	1,364,339
	=====	=====	=====	=====	=====

SHAREHOLDERS COMPLAINTS MANAGEMENT POLICY



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

1. **Scope**

This policy states the procedure and circumstances in which Red Star Express shareholders may bring complaints to the attention of the Company, and how the Company will provide assistance in addressing shareholders' concerns.

It also provides the opportunity for Red Star Express shareholders to provide feedback to the Company on matters that affect shareholders. This policy only relates to Red Star Express shareholders, and does not extend to the Company's customers, suppliers or other stakeholders.

The policy has been developed in association with the Securities and Exchange Commission Rules relating to the Complaints Management framework.

2. **Objective**

The policy is designed to ensure inquiries and complaints from Red Star Express shareholders are managed in an efficient, fair and timely manner. It enables Red Star Express shareholders to access the appropriate contacts who will handle their specific complaints, resolutions and feedback.

3. **Procedures for shareholders to make enquiries or complaints**

- a. In making enquiries, the shareholder who calls in is given a response immediately if possible or his inquiry is noted and his number taken for feedback. Feedback by phone is done before close of work and not later than 48 hours.

In taking note of customers' inquiry or complaint, the Company personnel will;

- Carefully listen and consider the inquiry or complaint
 - Record all relevant details.
 - Confirm the particulars received (if the inquiry is by phone)
 - Explain the courses of action available.
 - Clearly and concisely articulate the response
 - Refer and escalate the call (if required)
 - Follow up and keep the shareholder informed until the matter is resolved.
- b. In event that a written complaint is received from a shareholder, the document detailing the complaint shall include;
 - a. Name
 - b. Full address (not post office box)
 - c. GSM number
 - d. E-mail address
 - e. Signature of the complainant; and
 - f. date

4. **FEEDBACK**

In providing feedback, Red Star Express shall review its records internally or liaise with the Registrars or other organization or government agency involved one way or another in the process e.g. bank or post office.

The aim of the liaison is to

- Determine the facts;
- Determine what action has been undertaken or may be taken; and
- Coordinate a response to be provided.

5. **Resolving an enquiry or complaint**

Further to responses received from No. 4 above, Red Star Express will then:

- Commence an investigation;

SHAREHOLDERS COMPLAINTS MANAGEMENT POLICY *Continued*



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

- Determine whether the enquiry or complaint relates to a breach of legislative or regulatory requirements and if so, determine what notification to the regulatory body is appropriate (if any);
- Determine the course of action; and
- Communicate the response to the shareholder.

If Red Star Express is not in a position to respond within two to five working days, then Red Star Express will contact the shareholder to acknowledge receipt of the enquiry or complaint and confirm that the matter is being investigated. Delays may be experienced in some situations, including where documents need to be retrieved from storage.

Red Star Express will respond using the same or similar medium that was used for the initial enquiry, whether by email, phone or post, unless otherwise notified to or agreed with the shareholder. The response may also include, what the shareholder is seeking, whether there is any cost associated and, action taken.

6. **Share Registry Contact Details**

Information on share holding, e mandate for dividend, personal update, revalidation of dividend warrants, claims on unclaimed dividend etc may be raised with the Company's Registrars, United securities Limited, 10, Amodu Ojikutu Street, Victoria, Island, Lagos.

Inquiries may also be raised by sending an email to info@unitedsecuritieslimited.com or by logging onto their website www.unitedsecuritieslimited.com. Calls may be made to 01-271 4566-7

7. **Red Star Express's Shareholder Relations Desk**

Shareholders seeking more information about the Company are invited to contact Red Star Express, Office of the Company Secretary at:

Red Star Express Plc.

70 International Airport Road, Lagos.

Postal address: 5008 International Airport Post Office,

Lagos Telephone: 01-2715670-6.

E-mail: enquiries@redstarplc.com Website: www.redstarplc.com

8. **Publication**

This policy is available on Red Star Express's website at **www.redstarplc.com**.

9. **Charges and Fees**

Wherever possible, and subject to statutory requirements, Red Star Express will not charge shareholders for making enquiries, giving feedback, providing a response or for any aspect in the course of resolving a shareholder matter. Shareholders are regularly informed that in some circumstances the Registrars may charge for some services.

10. **Review**

Red Star Express will regularly review this policy and the procedures concerning shareholder enquiries, complaints and feedback. As part of the review, Red Star Express will identify and analyze systemic and recurring problems and put in place remedial actions to prevent recurrence of similar problems. Any changes or subsequent versions of this policy will be published on Red Star Express's website (refer to section 17 of this policy).

MANAGING DIRECTOR/CEO

COM. SECRETARY

MANAGEMENT TEAM



2015 ANNUAL REPORT & ACCOUNTS



SULE UMAR BICHI
Managing Director / CEO



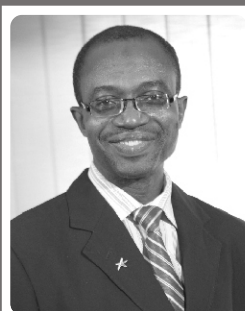
MUYIWA OLUMEKUN
Executive Director



VICTOR UKWAT
GM, Sales



SOLA OBABORI
*Chief Operating Officer,
Red Star Logistics Ltd.*



MOHAMMED ISAH PANTI
GM, Operations & Services



VINCENT IHEMENWA
GM, Finance & Planning



NASIR TURAJO
*Chief Operating Officer,
Red Star Freight Ltd.*



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



ENOMA OJO
AGM Corporate Services



AUWALU BADAMASI BABURA
AGM, Internal Audit and Quality Assurance



BAMIDELE ADEOGUN
AGM, ICT Strategy and Business Dev.



INEMESIT JAMES-OKORO
AGM, Customer Service



PATRICK AKALI
AGM, Bulkmail Services

PROXY FORM



2 0 1 5 A N N U A L R E P O R T & A C C O U N T S

**FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING OF
RED STAR EXPRESS PLC. ON SEPTEMBER 3, 2015
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. Sule Umar Bichi as my /our proxy to vote for me/us and on my /our behalf at the
Annual General meeting of the Company to be held on September 3, 2015 and at any
adjournment thereof.

Dated this.....day of 2015.

Shareholders' signature..... Name of shareholder.....

Common seal should be affixed if executed by a corporation.

	RESOLUTIONS	FOR	AGAINST
	To lay before members, the Report of the Directors and the Audited Accounts together with the Auditors Report and Audit Committee for the year ended March 31, 2015.		
	To declare a dividend		
	To reelect Directors		
	To authorize Directors to appoint and fix the remuneration of the Auditors.		
	To elect shareholders representatives on the Audit Committee.		
	To authorize Directors to fix the Directors fees.		

NOTE:

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

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

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

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

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

.....
Signature of the person attending

.....
Date

Age Group	Percentage
18-24	10%
25-34	15%
35-44	20%
45-54	25%
55-64	20%
65-74	15%
75-84	10%
85+	5%

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

[illegible][illegible]

REDSTAR EXPRESS PLC

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

Shareholder's signature or Thumbprint

[illegible]

AUTHORISED SIGNATURE & STAMP OF BANKERS

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

--	--	--	--

Surname/Compay Name:

[illegible][illegible][illegible][illegible]**ACCOUNT NUMBER:**[illegible]

Email Address:-

--	--	--

Bank Name (SECTION TO BE COMPLETED BY YOUR BANK)

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

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

Shareholder's Signature or Thumbprint

Shareholder's Signature or Thumbprint

[illegible]

AUTHORISED SIGNATURE & STAMP OF BANKERS

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

CORPORATE SOCIAL RESPONSIBILITY REPORT/PHOTO GALLERY



2015 ANNUAL REPORT & ACCOUNTS



Excited Scholars from Oshodi Local Government Schools



Red Star Team and Scholars



The remodeled Red Star Express Admin Building

Certification No. 000076



STANDARDS ORGANISATION OF NIGERIA

DECREE NO. 56 OF 1971

Certificate



CERTIFICATION MARK

This is to certify conformity of the
Quality Management System

With

NIS ISO 9001 : 2008

For

RED STAR EXPRESS PLC
(PICK-UP AND DELIVERY OF PARCELS AND DOCUMENTS)

Representative Person

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



17 January 2013
Date of issue

www.fedex.com
www.redstarplc.com

