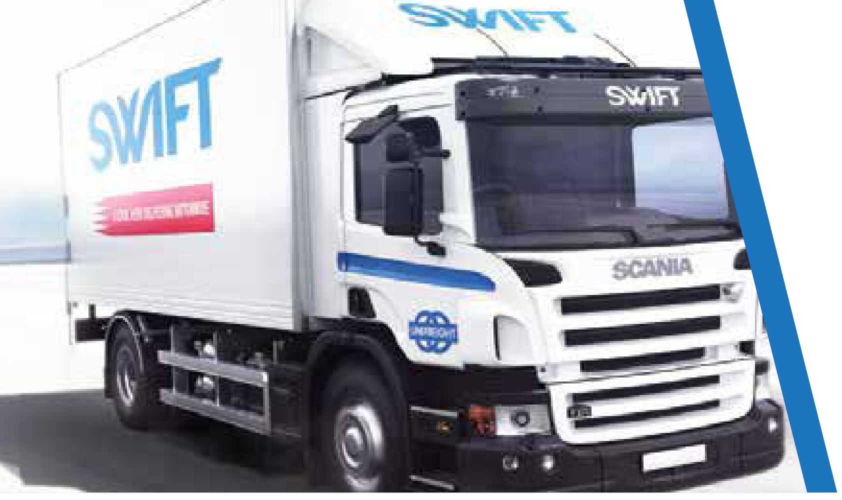
Abridged Audited Financial Results

for the year ended 31 December 2018



UNIFREIGHT AFRICA LTD

Total Transport & Logistics Solutions

UNIFREIGHT SWIFT BULWARK SKYNET WORLDWIDE EXPRESS

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Chairman's Statement

Overview

Despite a very difficult trading environment during the 2018 financial year we are pleased to report that we are well on track in our quest of taking Unifreight Africa Limited from "Good to Great". We continue to build a solid foundation, and have adapted our model to be able to show steady growth both in revenue and profits but more importantly in real terms on the statement of financial position, no matter the country's economic environment.

Financial performance

Group Revenue of $27.129 million was ahead prior year by 18%, attributable to growth in volumes, however this was below budget owing to lost sales during our normal peak period between October and December.. This was as a result of most of our major customers facing serious disruptions due to pricing and re-stocking uncertainities.Higher than budgeted operating expenses of $23.018 million were incurred due to a combined impact of foreign currency shortages and price increase challenges.

While Group profit from continuing operations was below prior year at $1.577 million against prior year of $2.148 million, (which included a non-recurring write back of $952 098 of prescribed pre-dollarision liabilities), it is important to focus on the very positive cash-flow activity of the business as reported in the Consolidated Statement of cash-flows.

Net cash generated from operating activities increased 57% to $3.670 million from $2.3million and this was spent very productively in $3.232 million purchase of new revenue earning equipment, and $ 0.857 million repayment of borrowings that had been employed in the purchase of revenue earning equipment in prior years.

Outlook

The Board prides itself in regularly reviewing revenue growth strategies by ensuring that customers access quality services at affordable prices, and that we are constantly improving the ease of doing business with us. Our mission is to "solve problems" and management's relentless focus on providing innovative solutions to customer challenges in this environment is bearing fruit.

The Board is excited with progress achieved during the period under review, particularly the acquisition of new revenue earning equipment, and the growth in the statement of financial position in real terms. We are also optimistic with regard to the positive changes in the monetary policy, with the view that it is in favour of formal business flourishing, while the playing field is leveled to include the informal market in the economy.

Dividend

The board has recommended the declaration of a total dividend of $400 000, a separate announcement will be made giving details of payment.

Appreciation

On behalf of the Board, I would like to extend my sincere appreciation to our valued stakeholders. I am grateful to my fellow board members for their strategic insight, management and staff for their continued commitment and dedication.

Patrick C Chingoka
Chairman
31 Dececember 2018

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 Dececember 2018

	2018 USD 000	2017 USD 000
ASSETS		
Non current assets	**20,814**	**20,040**
Property, vehicles and equipment	13,131	12,234
Investment property	6,066	6,182
Deferred tax asset	117	124
Intangible assets	1,500	1,500
Current assets	**6,031**	**7,028**
Inventories	1,570	937
Trade and other receivables	3,784	5,513
Cash and cash equivalents	677	578
TOTAL ASSETS	**26,845**	**27,068**
EQUITY AND LIABILITIES		
Equity	**15,460**	**15,210**
Share capital	1,065	1,065
Share premium	2,060	2,060
Non distributable reserve	4,341	5,782
Revaluation reserve	1,232	1,232
Shareholders loans	8,931	8,931
Accumulated loss	(2,169)	(3,860)
Non current liabilities	**3,460**	**3,462**
Borrowings	1,742	1,800
Other payables	-	80
Deferred consideration	278	521
Deferred income tax liabilities	1,440	1,061
Current liabilities	**7,925**	**8,396**
Trade and other payables	3,493	4,308
Income tax payable	57	26
Deferred consideration	242	431
Borrowings	4,133	3,631
TOTAL EQUITY AND LIABILITIES	**26,845**	**27,068**

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2018

	2018 USD 000	2017 USD 000
Continuing operations		
Revenue	**27,129**	**22,960**
Operating expenses	(23,018)	(19,374)
Other operating income	621	1,695
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**4,732**	**5,281**
Finance costs	(1,065)	(881)
Depreciation	(2,090)	(2,252)
Profit before taxation from continuing operations	**1,577**	**2,148**
Income tax expense	(441)	(75)
Profit for the year from continuing operations	**1,136**	**2,073**
Discontinued operations		
(Loss) for the year from discontinued operations	(586)	(603)
Profit for the year	**550**	**1,470**
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	-	64
Recycling of foreign currency translation reserve	-	(39)
Other comprehensive income for the year, net of tax	**550**	**25**
Total comprehensive income for the year, net of tax	**550**	**1,495**
Earnings per share		
- Basic earnings for the year attributable to ordinary equity holders of the parent (cents)	0.52	1.38
- Diluted earnings for the year attributable to ordinary equity holders of the parent (cents)	0.52	1.38
Earnings per share for continuing operations		
- Basic earnings for the year attributable to ordinary equity holders of the parent (cents)	1.07	1.95
- Diluted earnings for the year attributable to ordinary equity holders of the parent (cents)	1.07	1.95

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2018

	Share capital USD 000	Share premium USD 000	Non-distributable reserves USD 000	Revaluation reserve USD 000	Foreign currency translation reserve USD 000	Shareholders loans USD 000	Accumulated loss USD 000	Total equity USD 000
Balance as at 1 January 2017	**1,065**	**2,060**	**5,782**	**1,232**	**(25)**	**8,931**	**(5,330)**	**13,715**
Comprehensive income								
Profit for the year	-	-	-	-	-	-	1,470	1,470
Other comprehensive Income								
Currency translation differences	-	-	-	-	25	-	-	25
Balance as at 31 December 2017	**1,065**	**2,060**	**5,782**	**1,232**	**-**	**8,931**	**(3,860)**	**15,210**
Balance as at 1 January 2018	**1,065**	**2,060**	**5,782**	**1,232**	**-**	**8,931**	**(3,860)**	**15,210**
Comprehensive income								
Profit for the year	-	-	-	-	-	-	550	550
Dividend	-	-	-	-	-	-	(300)	(300)
Recycling of non-distributable reserve	-	-	(1,441)	-	-	-	1,441	-
Balance as at 31 December 2018	**1,065**	**2,060**	**4,341**	**1,232**	**-**	**8,931**	**(2,169)**	**15,460**

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2018

	2018 USD 000	2017 USD 000
Net cash generated from operating activities	**3,670**	**2,335**
Cash generated from operations	5,080	3,216
Dividend paid	(300)	-
Interest paid	(1,065)	(881)
Taxation paid	(45)	-
Net cash utilised in investing activities	**(3,087)**	**(2,302)**
Purchase of property, vehicles and equipment to increase operations	(3,232)	(2,373)
Proceeds from sale of property, vehicles and equipment	145	108
Net cash outflow on disposal of subsidiary	-	(37)
Net cash (utilised)/ generated from financing activities	**(857)**	**325**
Proceeds from borrowings	2,214	3,681
Repayments of borrowings	(3,071)	(3,356)
(Decrease)/increase in cash and cash equivalents	**(274)**	**358**
Cash and cash equivalents at beginning of year	**(795)**	**(1,166)**
Net foreign exchange differences	(15)	13
Cash and cash equivalents at end of year	**(1,084)**	**(795)**
Comprising:		
Bank balances and cash	677	578
Bank Overdraft	(1,761)	(1,373)
Cash and cash equivalents at 31 December	**(1,084)**	**(795)**

NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2018

General Information

Unifreight Africa Limited (formerly Pioneer Corporation Africa Limited) was incorporated in Zimbabwe in 1970. It is a holding company of a group of companies primarily involved in the road transport industry whose activities include inter-city freight consolidations, the distribution of general goods, and an international courier service.

The Company is incorporated in Zimbabwe. Other entities in the group are incorporated in Botswana. The Company is listed on the Zimbabwe Stock Exchange.

Statement of Compliance

These consolidated financial statements of which these results are an extract have been prepared with the aim of complying with International Financial Reporting Standards (IFRS) and are presented in United States Dollars (US$) which is the Group's functional currency. While full compliance with IFRS has been possible in the previous periods, only partial compliance has been achieved for 2018, because it has not been possible to comply with International Accounting Standard 21 "The effects of changes in foreign exchange rates" (IAS21)

The IFRS Conceptual Framework requires that in applying fair presentation to financial statements, entities should go beyond the consideration of the legal form of transactions and any other factors that could have an impact on them. IAS 21 requires an entity to apply certain parameters in determining the functional currency of an entity for use in the preparation of its financial statements. This standard also requires an entity to make certain judgements, where applicable, regarding appropriate exchange rates between currencies where exchangeability through a legal and market exchange mechanism is not achievable.

In the opinion of the directors, the requirement to comply with Statutory Instrument 33 (SI 33) of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the IFRS Conceptual Framework (see guidance issued by the Public Accountants and Auditors Board on 21 March 2019). This has resulted in the adoption of accounting treatment in the current year's financial statements, which is at variance from that which would have been applied if the Group had been able to comply with IFRS.

Trade and other receivables

	2018 June USD 000	2017 Dec USD 000
Current		
Trade receivables	2,598	4,326
Receivables due from related parties	719	3
Less: provision for impairment	(276)	(339)
Trade receivables - net	**3,041**	**3,990**
Prepayments	196	211
Staff debtors	9	6
VAT receivable	163	21
Loan receivable	-	650
Other debtors	375	202
	3,784	**5,513**

Trade and other payables

	2018 June USD 000	2017 Dec USD 000
Non current		
Other payables	-	80
	-	80
Current		
Trade payables	2,201	1,619
Trade payables due to related parties	267	705
Accrued expenses	218	529
Social security and other statutory liabilities	807	1,455
	3,493	**4,308**

Borrowings

Borrowings represent facilities for capital expenditure and working capital. The interest rates are between 10.5% and 15%.

	2018 USD 000	2017 USD 000
Shareholder loans	8,931	8,931
Equity component of shareholders loans	(8,931)	(8,931)
Finance lease liabilities	4,114	4,058
Bank overdraft	1,761	1,373
	5,875	**5,431**

i) Finance lease liabilities

Lease liabilities relate to finance lease arrangements entered into to procure revenue generating vehicles. The amounts are effectively secured as the rights to the leased asset revert to the lessor in the event of default. The interest rates are between 12-15% and the liabilities will be repaid in full by June 2022. These are secured by the Group's vehicles with a carrying amount of USD 5,816 million as at 31 December 2018.

ii) Bank overdraft

The bank overdraft, with a limit of USD 2,000,000, is secured by a first charge on certain group properties with a carrying amount of USD3,192 million as 31 December 2018.10.5% annual interest rate compounded monthly is charged on the bank overdraft.

Finance cost

Finance cost comprises the following:

	2018 USD 000	2017 USD 000
Bank borrowings	362	352
Remeasurement of consideration liability	100	163
Finance leases	603	366
	1,065	**881**
Capital expenditure		
Acquisition of property, vehicles and equipment	3,232	2,373
Approved capital commitments at the date of approval of financial results	-	-

Contingent liabilities

The group is a defendant in various labour disputes with former employees. The cases are at various stages. The total being claimed in all these cases is USD 895,800.

Non adjusting events after the reporting period

In October 2018, RBZ introduced the separation of bank accounts between RTGS balance accounts and foreign currency balance accounts. Foreign currency accounts were denoted by the term "Nostro". The RTGS balances were still exchangeable to the USD balances at a rate of one as to one. The system continued through to the end of the year 2018. However, in as much as this signalled a change in policy towards introduction of another currency, this did not happen until February 2019.

The year 2019 began on the same footing as the 2018 calendar year end, until February 22 2019 when the RBZ through the statutory instrument (SI33), introduced RTGS dollars (RTGS$) which represents RTGS balances in the banking system. These balances were to be official exchanged to USD at a floating rate to be determined in by the banks based on the law of supply and demand. The initial rate was pegged at USD1: RTGS$ 2.5. The SI 33 prescribed that all balances as at 22 February 2019 were to be translated to RTGS$ at a rate of one as to one.

Auditors statement

These condensed financial statements must be read in conjunction with the complete set of financial statements for the year ended 31 December 2018, which have been audited by the Independent auditors, EY Chartered Accountants Zimbabwe. The independent auditors have issued an adverse opinion on the financial statements because of non-compliance with International Accounting Standard 21 (The effects of foreign exchange rates). The auditor's report on these financials is available for inspection at the company's registered office.

Directors: P.C. Chingoka (Chairman); R.E. Kuipers * (Chief Executive Officer); C.D. Amira; C. Matigimu; B.N. Ndebele; G.R. Smith; T.A. Taylor; S.L. Rudland *Executive

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNIFREIGHT AFRICA LIMITED

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of Unifreight Africa Limited (the Group) set out on pages 7 to 35, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements do not present fairly the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

As explained in note 2.4 to the financial statements, the functional currency applied by management is the United States Dollar (US$) and the financial statements are presented in US$ on the basis that the official exchange rate as at 31 December 2018 between the Real Time Gross Settlement Electronic Dollar (RTGS$) and the United States Dollar (US$) is 1:1.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out foreign currency accounts (FCAs) into two categories, namely, RTGS FCA and FCA Nostro US$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. Subsequently, in February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar(RTGS$) and the interbank foreign exchange market.

These events triggered the need for reporting entities to assess whether there was a change in functional currency (from US$ to RTGS$) and the 1:1 RTGS$:US$ exchange rate as at and prior to the 31 December 2018 year end.

Based on International Financial Reporting Standards IAS 21-*The Effects of Changes in Foreign Exchange Rates* ("IAS 21"), the functional currency of an entity is *the currency of the primary economic environment in which the entity operates* and *reflects the underlying transactions, events and conditions that are relevant to it*. In addition, paragraph 2.12 of the *Conceptual Framework for*

Financial Reporting ("the Conceptual Framework") prescribes that for financial information to be useful, it *"must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon."* In addition, International Financial Reporting Standards IAS 10 - *Events after the Reporting Period* ("IAS 10") also requires an entity to adjust the amounts recognised in its financial statements to reflect events after the reporting period that provide evidence of conditions that existed at the end of the reporting period.

We believe that events in the market and subsequent promulgation of the RTGS$ as a formal currency supports that there was a change in functional currency from US$ to RTGS$ and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 RTGS$:US$ exchange rate and this occurred prior to the 31 December 2018 year end. This impacts the basis for measuring transactions that occurred between 01 October and 31 December 2018, the valuation of assets and liabilities at yearend as well as the accounting for foreign exchange differences. We believe that the consolidated financial statements are required to be adjusted for these changes and that it is inappropriate to provide disclosures by way of note as a proxy for adjusting the financial statements as this is not in conformity with IAS 10.

The financial statements of the group include balances and transactions denominated in RTGS$ but presented as US$ and transactions and balances denominated in US$ that were not converted to RTGSS$ at an RTGS$:US$ exchange rate that reflects the economic substance of its value as required by International Financial Reporting Standards ("IFRS"). This is because management applied the legal rate of 1:1 as pronounced by Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and the Monetary Policy Statements of the 22nd of February 2018, 1st of October 2018 and 20th of February 2019. Management have provided more information on their approach in Notes 2.4 and 32 to the consolidated financial statements.

In terms of IAS 21, foreign currency monetary items shall be translated using the closing rate, non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Therefore, had RTGS$ been designated as the functional currency and a different RTGS$:US$ exchange rate been determined and applied by management, virtually every account in, and the information provided by way of notes to, the accompanying financial statements, would have been materially different. The effects of the departure from IFRS are pervasive to the financial statements; however, this has not been quantified.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key Audit Matters

Except for the matter described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report and director's responsibility statement but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 - Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Mr David Gwande (PAAB Practising Certificate Number 132).

ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

Harare

30 April 2019