Abridged Audited Financial Results

for the year ended 31 December 2019

UNIFREIGHT AFRICA LTD

Total Transport & Logistics Solutions

Corner Hermes & Hood Roads Southerton, Harare P.O. Box 772 Harare, Zimbabwe, Tel: (+263 242) 621000-14, Facsimile: (+263) 242 621 055, Website: www.unifreight.co.zw

Chairman's Statement

Overview

2019 ended up being a pleasing combination of new and old for Unifreight Africa Limited, with new blood on the board, taking over the baton from the old board who have left a well-seasoned management team and a very solid foundationto work with, to chart a course through some very turbulent and uncertain waters. Given the results we were able to produce under the circumstances, I am confident that we have a solid foundation and the right team in place,with the alignment we need between shareholders, board and management,to be able to show steady growth both in revenue and profits but more importantly, growth in real terms on the balance sheet, no matter what the economic environment is in the country.

Financial performance

Historical Group Revenue of ZW$ 136.3 Million and net profit of ZW$ 26.6 million are up 400% and 2 200% respectively on last year, which although good, forces us to acknowledge that the RTG$ figures are misleading.

What is more meaningful, is that in volume terms, our total tonnage in 2019 was only 13.8% down on prior year which is good, considering most business volumes were down more than 50%, and as explained in more detail in the CEO's report, this was partly by design and we were only 4.2% down on budget.

Also more meaningfully our internally calculated net profit in USD terms, based on an average blended rate for the year of 13.07, translated to a healthy US$ 2.037 Million Net Profit, with a very healthy Net Profit Percentage of 17.2% vs an industry norm of +/- 7.5%.

Outlook

Under the circumstances the Board is relatively happy with progress achieved during the period under review, particularly the acquisition of new revenue earning equipment, and the growth in the balance sheet in real terms, however we under no delusion of the difficulties that lie ahead. The Zimbabwean economy was already under extreme pressure before the disastrous global reaction to COVID19 and how this has ravaged the global economy, fortunately we were already prepared for the worst and have managed to survive the first onslaught quite well, but we anticipate a very hard long road ahead, and are going to have to be ready adapt our business model to the inevitable changes that are coming, even though right now we do not know exactly what those changes will be.

Dividend

The board has recommended the declaration of a dividend of 7.04 cents per share, 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.

P.J. Annesley
Chairman
28 May 2020

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 Dececember 2019

	2019 Dec Inflation Adj ZW$ 000	2018 Dec Inflation Adj ZW$ 000
ASSETS		
Non current assets	**366,839**	**129,286**
Property, vehicles and equipment	232,187	81,563
Investment properties	116,536	37,679
Deferred tax asset	-	727
Rigt of use of asset	8,799	-
Intangible assets	9,317	9,317
Current assets	**81,558**	**37,461**
Inventories	45,391	9,752
Trade and other receivables	28,020	23,504
Cash and cash equivalents	8,147	4,205
TOTAL ASSETS	**448,397**	**166,747**
EQUITY AND LIABILITIES		
Equity	**324,589**	**96,030**
Share capital	6,615	6,615
Share premium	12,796	12,796
Change of funcional currency reserve	227,320	-
Shareholders loans	55,475	55,475
Retained Earnings	22,383	21,144
Non current liabilities	**87, 544**	**21,492**
Borrowings	2,970	10,820
Lease liabilities	2,182	-
Deferred consideraion	-	1,727
Deferred tax liabiliies	82,392	8,945
Current liabilities	**36, 264**	**49,225**
Trade and other payables	22,851	21,697
Income tax payable	6,278	353
Lease liabilities	70	-
Deferred consideraion	278	1,503
Borrowings	6,787	25,672
TOTAL EQUITY AND LIABILITIES	**448,397**	**166,747**

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2019

	2019 Inflation Adj Dec ZW$ 000	2018 Inflation Adj Dec ZW$ 000
Continuing operations		
Revenue	**296,229**	**168,512**
Operating costs	(224,567)	(143,020)
Movement in expected credit losses	(2,296)	43
Other operating income	6,398	3,857
Earnings before interest, tax, depreciaion and amorisaion (EBITDA)	**75,764**	**29,392**
Finance costs	(4,526)	(6,615)
Depreciation	(20,029)	(12,982)
Monetary gain	32,835	-
Profit before taxation from continuing operations	**84,044**	**9,795**
Income tax expense	(80,267)	(2,739)
Profit for the year from continuing operations	**3,777**	**7,056**
Discontinued operations		
Profit for the year from discontinued operations	-	(3,641)
Profit for the year	**3,777**	**3,415**
Other comprehensive income	**-**	**-**
Total comprehensive income for the year, net of tax	**3,777**	**3,415**
Earnings per share		
- Basic earnings for the year atributable to ordinary equity holders of the parent (cents)	**3.55**	**3.21**
- Diluted earnings for the year atributable to ordinary equity holders of the parent (cents)	**3.55**	**3.21**
Earnings per share for continuing operations		
- Basic earnings for the year atributable to ordinary equity holders of the parent (cents)	**3.55**	**6.63**
- Diluted earnings for the year atributable to ordinary equity holders of the parent (cents)	**3.55**	**6.63**

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

	Atributable to equity shareholders of the parent						
	Share capital ZW$ 000	Share premium ZW$ 000	Non-distributable reserves ZW$ 000	Revaluaion reserve	Equity Portion Of Shareholders ZW$ 000	Retained Earnings ZW$ 000	Total equity ZW$ 000
Balance as at 1 January 2018	**6,615**	**12,796**	**35,915**	**7,653**	**55,475**	**(23,977)**	**94,477**
Profit for the year	-	-	-	-	-	3,416	**3,416**
Dividend						(1,863)	**(1,863)**
Reclassification of reserves to retained earnings	-	-	(35,915)	(7,653)	-	43,568	**-**
Balance as at 31 December 2018	**6,615**	**12,796**	**(0)**	**(0)**	**55,475**	**21,144**	**96,030**
Balance as at 1 January 2019	**6,615**	**12,796**	**(0)**	**(0)**	**55,475**	**21,144**	**96,030**
Effects of first adoption of IFRS 16 Leases	-	-	-	-	-	(234)	**(234)**
Profit for the year	-	-	-	-	-	3,777	**3,777**
Change of functional currency	-	-	227,320	-	-	-	**227,320**
Dividend	-	-	-	-	-	(2,305)	**(2,305)**
Balance as at 31 December 2019	**6,615**	**12,796**	**227,320**	**(0)**	**55,475**	**22,383**	**324,589**

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2019

	2019 Inflation Adj ZW$ 000	2018 Inflation Adj ZW$ 000
Net cash generated from operating activities	**24,383**	**22,796**
Cash generated from operations	31,214	31,554
Dividend Paid	(2,305)	(1,863)
Interest paid	(4,526)	(6,615)
Taxation paid	-	(280)
Net cash utilised in investing activiies	**(21,280)**	**(19,175)**
Purchase of property, vehicles and equipment to increase operations	(22,087)	(20,076)
Extension of investment properies	(14)	
Proceeds from sale of property, vehicles and equipment	821	901
Net cash utilised in financing activities	**(276)**	**(5,324)**
Proceeds from borrowings	6,538	13,752
Principal payment of lease liabilities	(382)	-
Repayments of borrowings	(6,432)	(19,076)
Increase/ (Decrease) in cash and cash equivalents	**2,827**	**(1,703)**
Cash and cash equivalents at beginning of year	(6,733)	(4,938)
Net foreign exchange differences	1,763	(92)
Monetary gain	10,290	-
Cash and cash equivalents at end of year	**8,147**	**(6,733)**
Comprising:		
Bank balances and cash:	8,147	4,205
Bank Overdraft	-	(10,938)
Cash and cash equivalents at 31 December	**8,147**	**(6,733)**

NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2019

General Information

Unifreight Africa Limited (formerly Pioneer Corporation Africa Limited) was incorporated in Zimbabwe in 1970. It is the holding company of a Group of companies primarily involved in the road transport industry whose main activities include inter-city freight consolidations, the distribution of general goods, and a courier service. Swift the Group's principle revenue generating brand turned 70 years in 2016.
The Company is incorporated in Zimbabwe. Other entities in the Group are incorporated in Botswana. The company is listed on the Zimbabwe Stock Exchange

These Group consolidated financial statements are presented in Zimbabwean Dollars and were authorised for issue by the Board of Directors on 22 May 2020.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the international Accounting Standards Board (IASB) with the exception to IAS 21 Effects of Changes in Exchange Rates on accounting for change in functional currency. The accounting policies are applied consistently throughout the Group. The consolidated financial statements are presented in Zimbabwean dollars (ZW$) and all values are rounded to the nearest 1 000 dollars except where otherwise stated.

The consolidated financial statements are prepared on current cost conversion taking account of the effects of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies. Accordingly, the inflation adjusted consolidated financial statements represent the primary financial statements of the Group.

The Public Accountants and Auditors Board (PAAB) in their circular 01/19 communicated that the factors and characteristics to apply IAS 29, Financial Reporting in Hyper-Inflationary Economies had been met in Zimbabwe. The pronouncement require that entities reporting in Zimbabwe apply the requirements of IAS 29 with effect from 1 July 2019.

IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for the previous period be stated in the same terms. The restatement has been calculated by means of conversion factors derived from the consumer price index.

The following conversion sectors were applied;

Prior year	6.2115
Jan-19	5.6085
Feb-19	5.5163
Mar-19	5.2847
Apr-19	5.0083
May-19	4.4503
Jun-19	3.1957
Jul-19	2.6403
Aug-19	2.2362
Sep-19	1.8996
Oct-19	1.3691
Nov-19	1.1655
Dec-19	1.0000

Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.
The policies applied are consistent with those applied in previous years.

Trade and other receivables

	2019 Dec ZW$ '000	2018 Dec ZW$ '000
Current		
Trade receivables	22,424	12,627
Receivables due from related parties	725	4,463
Less: provision for impairment	(2,572)	(1,714)
Trade receivables - net	**20,577**	**15,376**
Prepayments	2,013	1,217
Staff debtors	33	55
VAT receivable	49	1,011
Other debtors	5,348	5,845
	28,020	**23,504**

Trade and other payables

	2019 Dec ZW$ '000	2018 Dec ZW$ '000
Current		
Trade payables	9,725	13,672
Trade payables due to related parties	869	1,656
Accrued expenses	7,598	1,355
Social security and other statutory liabilities	4,659	5,014
	22,851	**21,697**

Borrowings
Borrowings represent facilities for capital expenditure and working capital. The interest rates are 45%.

	2019 Dec ZW$ '000	2018 Dec ZW$ '000
Shareholders' loans at beginning of year	55,475	55,475
Transfer from shareholders' loans	-	-
	55,475	**55,475**
Other Borrowings		
Non-current		
Loans and borrowings	2,970	10,820
	2,970	**10,820**
Current		
Loans and Borrowings	6,787	14,734
Bank overdraft	-	10,938
	6,787	**25,672**
Total borrowings	**9,757**	**36,492**

Loans and borrowings
Loans and borrowing relate to financing arrangements entered into to procure revenue generating vehicles. The interest rates are 45% and the borrowings will be repaid in full by June 2022. The borrowings are also secured by moveable Group properties with a carrying amount of ZW$ 10 658 million as at 31 December 2019(ZW$ 10,659 million as at 31 December 2018).

Bank overdraft
The bank overdraft is secured by a mortgage bond on certain Group properties with a carrying amount of $19.827 million as at 31 December 2018. The bank overdraft limit was ZW$ 2,000,000 at an annual interest rate of 10.5%. The Group did not have an overdraft facility as at 31 December 2019.

Finance cost
Finance cost comprises the following:

	2019 Dec ZW$	2018 Dec ZW$
Bank borrowings	4,141	5,991
Remeasurement of consideration liability	58	621
Fnance leases	327	-
	4,526	**6,612**

Capital expenditure

	2019 Dec ZW$ 000	2018 Dec ZW$ 000
Acquisition of property, vehicles and equipment	22,087	20,076

The Group had no approved capital commitments at the date of approval of financial results for both 2019 and 2018

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 ZW$ 895,800.

Subsequent events
There are no adjusting or non-adjusting events after the reporting date which have an effect on the financial position of the group as at the reporting date nor require disclosure in the financial statements.

Auditors' Opinion

The inflation adjusted consolidated financial statements from which the abridged version has been extracted have been audited by Ernst & Young Chartered Accountants (Zimbabwe). An adverse opinion has been issued thereon in respect of non-compliance with the requirements of International Accounting Standard 21 (IAS 21) "The Effects of Foreign Exchange Rates", International Accounting Standard 29 (IAS 29) "Financial Reporting in Hyperinflationary Economies", as well as non-compliance with International Accounting Standard 8 (IAS8) "Accounting for Policy Changes in Accounting Estimates and Errors". There are no other key audit matters communicated in the audit report.

The auditors' report on the inflation adjusted consolidated financial statements is available for inspection at the Company's registered office."

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

Building a better working world

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 24 2750905-14 or 2750979-83
Fax: +263 24 2750707 or 2773842
Email: admin@zw.ey.com
www.ey.com

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNIFREIGHT AFRICA LIMITED

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated financial statements of Unifreight Africa Limited and its subsidiaries (the Group), as set out on pages 8 to 44, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated financial statements do not present fairly the financial position of the Group as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standards(IFRS): International Accounting Standard (IAS) 21- *The Effects of Changes in Foreign Exchange Rates* and the inappropriate application of IAS 8 – *Accounting Polices, Changes in Accounting Estimates and Errors*

As explained in note 2.1.1 to the inflation adjusted consolidated financial statements, the Group applied the United States Dollar (US$) as its functional currency for the period 1 January 2018 to 22 February 2019 and the Real Time Gross Settlement Dollar (RTGS$)/Zimbabwe Dollar (ZWL) for the period 23 February 2019 to 31 December 2019. In order to comply with Statutory Instrument (SI) 33 of 2019, issued on 22 February 2019, the Group changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The inflation adjusted consolidated financial statements are presented in ZWL.

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 RTGS Foreign Currency Accounts (FCAs) from the Nostro US$ FCAs 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. In February 2019 there was a Monetary Policy statement which introduced the RTGS$ and the interbank foreign exchange market.

Furthermore, SI 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (ZWL) (which comprises RTGS$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group to assess whether there was a change in functional currency (from US$ to RTGS$/ZWL) and to determine an appropriate spot rate as required by IAS 21.

We believe that events in the market and subsequent promulgation of the RTGS$/ZWL as formal currencies supports that there was a change in functional currency from US$ to RTGS$/ZWL and that transactions in the market indicated a different exchange rate between the two currencies despite the legal 1:1 RTGS$/ZWL: US$ exchange rate and this occurred effective 1 October 2018.

Accordingly, the inflation adjusted consolidated financial statements of the Group include balances and transactions denominated in US$ that were not converted to RTGS$/ZWL at a RTGS$/ZWL: US$ exchange rate that reflects the economic substance of its value as required by IFRS. The directors have provided more information on their approach in Note 2.1.1 to the inflation adjusted consolidated financial statements.

In respect of the above matter we issued an adverse opinion in the prior year as the effects of the departure from IFRS were pervasive to the financial statements but could not be quantified owing to the nature of the matter.

Management's approach in the current year, for reasons explained on Note 2.1.1, was to prospectively apply the change in functional currency from US$ to RTGS$/ZWL from 23 February 2019 which we disagree with. The correct approach would have been a retrospective restatement as a prior period error in terms of IFRS: IAS 8 – *Accounting Polices, Changes in Accounting Estimates and Errors.*

As management has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period, the matter is therefore continuing.

Furthermore, notwithstanding that IAS 29 - *Financial Reporting in Hyperinflationary Economies* has been applied from 23 February 2019 to 31 December 2019, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21/ IAS 8 as described above. Had the correct base numbers and start date been used, most elements of the financial statements would have been materially different.

As a result of the incorrect application of IAS 8, on the 23rd of February 2019, management translated foreign denominated balances to RTGS$/ZWL at the rate of 1US$:3.5RTGS$ and recognised a foreign currency translation reserve of RTGS$/ZWL27,967,000 which is contrary to the requirements of IFRS.

As a result of these matters:

- All corresponding numbers remain misstated on the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows.
- As opening balances enter into the determination of cash flows and performance, our current year opinion is modified in respect of the impact of this matter on the consolidated statement of cash flows, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity.

INDEPENDENT AUDITOR'S REPORT -continued

TO THE MEMBERS OF UNIFREIGHT AFRICA LIMITED

Our opinion on the current period's consolidated inflation adjusted financial statements is also modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

In addition to the impact on the corresponding numbers, current year performance and cash-flows the matter continues to impact the balances on the consolidated statement of financial position as many of these still comprise of amounts from opening balances. Whilst this matter might not affect all accounts in the statement of financial position the specific accounts and the portions affected by this matter have not been identified / quantified.

Exchange rates used in the current year (Non-compliance with IAS 21)

As outlined in Note 8 to the consolidated inflation adjusted financial statements, for the year ended 31 December 2019, the Group translated foreign denominated transactions at a rate of 1US$: 3.5 RTGS$ on date of translation and the interbank rates subsequent to that date. The exchange rates used for the translation do not meet the definition of a spot exchange rate as per IAS 21.

Furthermore, at 31 December 2019 the Group's properties were valued in US$ and converted to ZWL using the interbank rates outlined in Note 7 to the consolidated inflation adjusted financial statements.

The exchange rates used for the translation of transactions and balances between the US$ and the RTGS$/ZWL do not meet the definition of a spot exchange rate as per IAS 21. Had the appropriate rates been used, the following significant accounts would have been affected in a material manner: property, plant & equipment, inventories, cash & cash equivalents, deferred tax liabilities, trade & other payables, revenue and other operating income & expenses.

The effects of the above departures from IFRS are material and pervasive to the inflation adjusted consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried in the *Auditor's Responsibilities for the Audit of the Consolidated Inflation Adjusted 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 ethical responsibilities in accordance with these requirements and 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 matters 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 of the Chairman's Statement, the Chief Executive Officer's Report, the Directors' Report, the Statement of Corporate Governance and the Directors' Responsibility for Financial Reporting but does not include the inflation adjusted consolidated financial statements and our auditor's report thereon. Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. The Chief Executive Officer's Report, the Directors' Report and the Statement of Corporate Governance is expected to be made available to us after the date of this auditor's report.

INDEPENDENT AUDITOR'S REPORT -continued

TO THE MEMBERS OF UNIFREIGHT AFRICA LIMITED

Other information- continued

In connection with our audit of the inflation adjusted 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 inflation adjusted 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 reports noted above affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Inflation Adjusted Consolidated Financial Statements

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

In preparing the inflation adjusted 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 Inflation Adjusted *Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the inflation adjusted 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 inflation adjusted 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 inflation adjusted 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 inflation adjusted consolidated financial statements or, if such disclosures are inadequate, to modify our opinion.

INDEPENDENT AUDITOR'S REPORT -continued
TO THE MEMBERS OF UNIFREIGHT AFRICA LIMITED

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 inflation adjusted consolidated financial statements, including the disclosures, and whether the inflation adjusted 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 inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

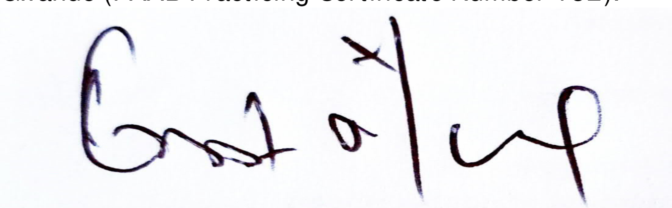
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 inflation adjusted 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 inflation adjusted 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 Practicing Certificate Number 132).



ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

HARARE

29 May 2020