



Total Transport & Logistics Solutions



Corner Orme and Willow Road, New Adbernie Harare P.O. Box 772 Harare, Zimbabwe, Tel: +263 8677000777, Website: www.unifreight.co.zw

Abridged Reviewed Financial Results

for the half year ended 30 June 2021



Chairman's Statement

Overview

Despite a challenging trading environment during the half year, the Group managed to maintain its course in going from good to great and was able to exceed budget in both revenue and volumes. We have built a firm foundation and all the fundamentals are in place for a bright future for the business.

Financial performance

Cumulative Q2 Sales in real terms were ahead of budget by 14% and way ahead of prior year by 70%. What is a bit disappointing is that despite a dramatic increase in Sales, US\$ inflation has been rampant and as a result, reduced margins - but we can be grateful that we are still profitable and profit margins are above industry norms.

Total Swift volume is up 63% on Prior year, with a very pleasing 56% growth in LTL (Less Than Truckload), and 3% up on budget.

Our cumulative net profit as a percentage of revenue is sitting at 10.4% which is above industry average, but unfortunately below expectations.

Outlook

Notwithstanding the uncertainty in the economy and the difficult trading environment, the Group is continuing to invest in new vehicles to improve service to our valued customers. We are very grateful that our robust, yet flexible model and diverse customer base has kept us going through very difficult times, without forgetting what a great team we have, who have really dug deep and gone the extra mile. We are rigorously pursuing new revenue streams, whilst maintaining and strictly monitoring costs and are confident that we will end 2021 with a favourable set of results.

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, management and staff for their continued commitment and dedication.

Peter Annesley
Chairman
20 December 2021

Auditors Statement

The Company's condensed consolidated inflation adjusted interim financial information from which these abridged results have been extracted, should be read in conjunction with the complete set of the interim condensed consolidated inflation-adjusted financial statements for the half year ended 30 June 2021 which have been reviewed by the Company's external auditors, Ernst & Young Chartered Accountants (Zimbabwe).

The auditors have issued an adverse review conclusion with respect to prior and current year matters concerning non-compliance with International Accounting Standard (IAS) 21: "The Effects of Changes in Foreign Exchange Rates", including historical errors not adjusted in terms of IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors"; IAS 2: "Inventories" and the consequential impact on the inflation adjusted amounts determined in terms of IAS 29: "Financial Reporting in Hyperinflationary Economies". The independent review conclusion on the interim condensed consolidated inflation-adjusted financial is available for inspection at the registered office of the company. The engagement partner responsible for this review is Mr David Gwande (PAAB Practising Certificate Number 132).

ABRIDGED REVIEWED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2021

	2021	2020	Unaudited	
	June	Dec	2021	2020
	ZWS 000	ZWS 000	ZWS 000	ZWS 000
	Inflation Adj	Inflation Adj	Historical	Historical
ASSETS				
Non current assets	1,294,767	1,860,072	126,836	142,037
Property, vehicles and equipment	509,280	1,061,103	69,353	84,551
Investment property	554,828	559,522	20,303	18,565
Righth of use of asset	180,216	189,004	35,680	37,421
Intangible assets	50,443	50,443	1,500	1,500
Current assets	456,450	425,164	445,992	336,419
Inventories	150,409	152,580	119,134	105,875
Trade and other receivables	245,441	211,481	266,258	179,918
Cash and cash equivalents	60,600	61,103	60,600	50,626
Assets held for sale	53,497	54,382	1,927	2,046
TOTAL ASSETS	1,804,714	2,339,618	574,755	480,502
EQUITY AND LIABILITIES				
Total Equity	1,469,795	1,655,193	317,334	258,557
Share capital and reserves	1,169,452	1,354,850	308,413	249,626
Share capital	35,815	35,815	1,065	1,065
Share premium	69,277	69,277	2,060	2,060
Non distributable reserve	1,218,282	1,218,282	46,356	46,356
Retained Earnings	(153,922)	31,476	258,922	200,145
	300,343	300,343	8,931	8,931
Equity component of shareholders loans	300,343	300,343	8,931	8,931
Non current liabilities	114,733	460,240	39,341	39,845
Lease liability	36,978	44,776	36,978	37,590
Deferred tax liabilities	77,755	415,464	2,363	2,255
Current liabilities	218,027	213,009	218,026	181,980
Trade and other payables	185,901	142,677	185,901	123,706
Income tax payable	22,291	59,358	22,290	49,161
Lease liability	1,603	1,789	1,603	1,502
Deferred consideration	73	88	73	73
Borrowings	8,159	9,097	8,159	7,538
Liabilities directly associated with the assets held for sale	2,160	11,176	54	120
TOTAL EQUITY AND LIABILITIES	1,804,715	2,339,618	574,755	480,502

ABRIDGED REVIEWED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the half year ended 30 June 2021

	2021	2020	Unaudited	
	June	June	2021	2020
	ZWS 000	ZWS 000	ZWS 000	ZWS 000
	Inflation Adj	Inflation Adj	Historical	Historical
Revenue	1,194,979	793,026	1,120,273	260,489
Operating costs	(1,127,701)	(599,244)	(1,004,388)	(184,003)
Movement in expected credit losses	(51,731)	(14,791)	(51,731)	(7,158)
Other operating income	61,638	16,802	35,617	2,245
Earnings before interest, tax, depreciation and amortisation (EBITDA)	77,185	195,793	99,771	71,573
Finance costs	(3,153)	(9,173)	(9,553)	(3,001)
Depreciation	(142,818)	(17,362)	(8,584)	(5,572)
Loss on net monetary position	(464,652)	(129,864)	-	-
Profit before taxation	(533,438)	39,394	81,634	63,000
Income tax credit/(expense)	348,040	(28,994)	(22,859)	(17,640)
Profit for the year	(185,398)	10,400	58,775	45,360
Other comprehensive income	-	-	-	-
Total comprehensive income for the year, net of tax	(185,398)	10,400	58,775	45,360
Earnings per share				
- Basic earnings for the year attributable to ordinary equity holders of the parent (cents)	(174.12)	9.77	55.20	42.60
- Diluted earnings for the year attributable to ordinary equity holders of the parent (cents)	(174.12)	9.77	55.20	42.60

ABRIDGED REVIEWED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the half year ended 30 June 2021

	Attributable to equity shareholders of the parent					Total Equity Inflation Adj ZWS 000
	Share capital Inflation Adj ZWS 000	Share premium Inflation Adj ZWS 000	Non-distributable reserves Inflation Adj ZWS 000	Equity portion of Shareholders loans Inflation Adj ZWS 000	Retained Earnings Inflation Adj ZWS 000	
Balance as at 1 January 2020	35,815	69,277	1,218,282	300,343	121,176	1,744,893
Profit for the year	-	-	-	-	10,400	10,400
Balance as at 30 June 2020	35,815	69,277	1,218,282	300,343	131,576	1,755,294
Balance as at 1 January 2021	35,815	69,277	1,218,282	300,343	31,476	1,655,193
Profit for the year	-	-	-	-	(185,398)	(185,398)
Balance as at 30 June 2021	35,815	69,277	1,218,282	300,343	153,922	1,469,795

ABRIDGED REVIEWED CONSOLIDATED STATEMENT OF CASH FLOWS for the half year ended 30 June 2021

	June 2021 Inflation Adjusted ZWS 000	June 2020 Inflation Adjusted ZWS 000
Net cash generated from operating activities	328,103	130,865
Cash generated from operations	365,323	140,038
Dividend paid	-	-
Interest paid	(3,153)	(9,173)
Taxation paid	(34,067)	-
Net cash utilised in investing activities	14,737	-
Purchase of property, vehicles and equipment to increase operations	(3,986)	-
Proceeds from sale of property, vehicles and equipment	18,723	-
Net cash generated from financing activities	(969)	(20,346)
Proceeds from borrowings	13,000	-
Payment of deferred consideration	(15)	(272)
Principal payment of lease liabilities	(912)	(14,495)
Repayments of borrowings	(13,042)	(5,579)
Increase/(Decrease) in cash and cash equivalents	341,871	110,519
Cash and cash equivalents at beginning of year	61,103	44,107
Net foreign exchange differences	3,523	7,281
Monetary loss	(345,897)	(50,381)
Cash and cash equivalents at end of half year	60,600	111,526

* Included in cash and cash equivalents are cash and bank balances from assets held for sale 2021: nil (2020:ZWS\$1 985)

NOTES TO THE ABRIDGED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS for the half year ended 30 June 2021

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.

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 29 November 2021.

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). The accounting policies are applied consistently throughout the Group. The consolidated financial statements are presented in Zimbabwean dollars (ZWS) and all values are rounded to the nearest 1 000 dollars except where otherwise stated.

The consolidated financial statements are initially prepared under the historical cost convention as restated for the changes in the general purchasing power of the functional currency for the purposes of fair presentation in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies). This historical cost information has been restated for changes in the general purchasing power of the Zimbabwe dollar and as a result are stated in terms of the measuring unit current at the end of the reporting period. Accordingly, the inflation adjusted consolidated financial statements represent the primary financial statements of the Group.

Inflation adjustment

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 Hyperinflationary 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 Group used the inflation adjustment factors derived from the monthly Consumer Price Indices as published by the Reserve Bank of Zimbabwe. The following factors were applied:

Period / Month	Factor	Period / Month	Factor
Jun-20	2.0664	Mar-21	1.0821
Dec-20	1.2069	Apr-21	1.0652
Jan-21	1.1448	May-21	1.0388
Feb-21	1.1065	Jun-21	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

	Inflation Adj		Trade and other payables	
	2021	2020	2021	2020
	ZWS 000	ZWS 000	ZWS 000	ZWS 000
Current				
Trade receivables	276,053	186,226	Trade payables	18,031
Receivables due from related parties	777	4,584	Trade payables due to related parties	3,677
Less: provision for impairment	(65,933)	(14,202)	Accrued expenses	66,197
Trade receivables - net	210,897	176,608	Social security and other statutory liabilities	97,996
Prepayments	11,809	4,082		52,397
Staff debtors	5,185	782		185,901
VAT receivable	108	99		142,677
Other debtors	17,442	29,910		
	245,441	211,481		

Borrowings

	June 2021	Dec 2020
	ZWS 000	ZWS 000
Shareholder loans	300,343	300,343
Equity component of shareholders loans	(300,343)	(300,343)
Loans and Borrowings	8,159	9,098
	8,159	9,098

Finance cost

Finance cost comprises the following:

	June 2021	June 2020
	ZWS 000	ZWS 000
- bank borrowings	1,505	8,557
- Consideration liability	13	120
- leases liabilities	1,635	496
	3,153	9,173

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 ZWS 895,800.

Subsequent Events

As at the 30th June 2021, the material conditions precedent in respect of the sale of Birmingham Investments (Private) Limited and the sale of Tredcor Zimbabwe (Private) Limited had been satisfied. However, as some administrative matters, including transfer of shares were still outstanding at that date, management has considered these transactions to be effective 1 July 2021. The details of the transactions are as follows:

Disposal of investment in associate

At 7 August 2020 the board of directors resolved to dispose of its 51% investment in Tredcor (Private) Limited (Tred) which was previously classified as an associate. On 22 September 2020 an agreement was signed with Zimprow Holdings Limited (Zimprow) in terms of which the Group will dispose its 51% shareholding in Birmingham for a purchase consideration of ZWS\$7 984 401.88 payable in the form of 15 774 446 newly issued Zimprow ordinary shares. This disposal is effective 30 June 2021. The fair value of the Zimprow shares as at 30 June 2021 is 964.22 cents per share which translate to ZWS 151 811 097 being the fair value of the consideration.

	June 2021	June 2021
	ZWS 000	ZWS 000
Equity accounted value of investment in associate	177,412	177,412
Consideration received	177,412	177,412
Profit on disposal	177,412	177,412

Disposal of subsidiary

At 7 August 2020 the board of directors resolved to dispose of its wholly-owned subsidiary Birmingham Investments (Private) Limited (Birmingham). On 22 September 2020 an agreement was signed with Zimprow Holdings Limited (Zimprow) in terms of which the Group will dispose its entire shareholding in Birmingham for a purchase consideration of ZWS\$7 984 401.88 payable in the form of 15 774 446 newly issued Zimprow ordinary shares. This disposal is effective 30 June 2021. The fair value of the Zimprow shares as at 30 June 2021 is 964.22 cents per share which translate to ZWS 151 811 097 being the fair value of the consideration.

The fair value of the assets and liabilities previously disclosed as assets/liabilities held for sale were as follows:

	June 2021	June 2021
	ZWS 000	ZWS 000
Assets	53,497	1,927
Liabilities	2,160	54
Net Assets	51,337	1,873
Consideration received	151,811	151,811
Profit on disposal of subsidiary	100,474	149,938
Net cash outflow	-	-
The effect of this transaction on the financial statements is as follows:		
Increase in non-current assets (Equity instrument)	329,223	329,223
Increase in equity (Profit for the year)	277,886	327,350
Decrease in Assets held for sale	(53,497)	(1,927)
Decrease in liabilities associated with assets held for sale	(2,160)	(54)

TO THE MEMBERS OF UNIFREIGHT AFRICA LIMITED

REPORT ON THE REVIEW OF THE INTERIM INFLATION ADJUSTED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying interim inflation adjusted condensed consolidated financial statements of Unifreight Africa Limited and its subsidiaries ("the Group"), as set out on pages 6 to 24, which comprise the interim inflation adjusted condensed consolidated statement of financial position as at 30 June 2021 and the related interim inflation adjusted condensed consolidated statement of profit or loss and other comprehensive income, the interim inflation adjusted condensed consolidated statement of changes in equity and the interim inflation adjusted condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of these interim inflation adjusted condensed consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). Our responsibility is to express a review conclusion on the inflation adjusted interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim inflation adjusted condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Adverse review conclusion

Non-compliance with IFRS: International Accounting Standard (IAS 21)- The Effects of Changes in Foreign Exchange Rates in prior period and inappropriate application of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

Historical functional currency matter

As explained in note 2.4a to the interim inflation adjusted condensed Consolidated Financial Statements, the Group changed its functional currency from the United States Dollars (US\$) to Real Time Gross Settlement Dollars (RTGS\$) on 23 February 2019 in order to comply with Statutory Instrument 33 of 2019 issued on the same date. The inflation adjusted consolidated financial statements is presented in ZWL.

We however believe that the change occurred on 1 October 2018 in terms of IAS 21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019.

REPORT ON THE REVIEW OF THE INTERIM INFLATION ADJUSTED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNIFREIGHT AFRICA LIMITED

Basis for Adverse review conclusion (continued)

Our audit opinion for the year ended 31 December 2020 was therefore modified as the matter emanating from 2019 had not been corrected.

Management has not made adjustments in current period in terms of IAS 8; therefore, many corresponding numbers remain misstated on the interim inflation adjusted condensed consolidated financial statements, impacting comparability of the current period figures. The matter continues to impact the following amounts on the interim inflation adjusted condensed consolidated statement of financial position which still comprise of material amounts from opening balances: Property, vehicle and equipment of ZWL 509 280 000 (December 2020: ZWL 1 061 103 000, investment properties of ZWL 554 828 000 (December 2020: 559 522 000), deferred tax liability of ZWL 77 755 000 (December 2020: ZWL 415 464 000), accumulated loss of ZWL 205 258 000 (December 2020: retained earnings of ZWL 31 476 000) and Non-distributable reserves of ZWL 1 218 282 000 (December 2020: ZWL 1 218 282 000) and Intangible assets of ZWL 50 443 000 (December 2020: ZWL 50 433 000)

As opening balances enter into the determination of cash flows and performance, our review conclusion is modified in respect of the impact of this matter on the depreciation expense of ZWL 142 818 000 (June 2020: ZWL 17 362 000), operating expenses of ZWL 1 127 701 000 (June 2020: ZWL 599 244 000) and income tax credit of ZWL 348 040 000 (June 2020: expense of ZWL 28 994 000) on the interim inflation adjusted condensed consolidated statement of profit or loss and other comprehensive income and cashflows from operating activities on the interim inflation adjusted consolidated statement of cash flows.

Exchange rates used (Non-compliance with IAS 21)

Effective 1 January 2021 to 30 June 2021, management applied an internally generated exchange rate (transaction rate) to translate foreign denominated transactions, balances to the functional and reporting currency, the Zimbabwe Dollar (ZWL). We believe that the use of a transaction rates was inappropriate for financial reporting as they did not meet the definition of spot exchange rates. We believe that management should have applied the auction exchange rates as they met the IFRS definition of spot exchange rates.

As a result of the above matters, in addition to misstated comparatives, the following elements on the interim abridged inflation adjusted consolidated financial statements contain misstatements due to errors in closing balances still comprising a significant portion of the opening balances as well as the effect of the continuing matters in the current financial period. The misstatements we could quantify for the inflation adjusted consolidated statement of financial position are detailed below.

	30 June 2021	
	Disclosed amount ZW\$	Misstatement ZW\$
Inventories	150 409 000	11 501 864
Trade and other receivables	245 441 000	4 938 415
Cash and cash equivalents	60 600 000	722 386

REPORT ON THE REVIEW OF THE INTERIM INFLATION ADJUSTED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNIFREIGHT AFRICA LIMITED

Basis for Adverse review conclusion (continued)

In the inflation adjusted Condensed Consolidated statement of profit or loss and other comprehensive income, revenues, income taxes and operating expenses are affected. Due to the volume of transactions, the misstatements on the interim abridged inflation adjusted statement of profit or loss and other comprehensive income cannot be quantified. Consequently, the inflation adjusted condensed consolidated statements of changes in equity and cashflows are impacted.

Inventory valuation not in compliance with requirements of IAS 2 - Inventories.

For the period under consideration, the group revalued spare parts inventory items from their original purchase cost to a fair value determined from the open market. This revaluation is however not in compliance with IAS 2- *Inventories* which requires that inventories should be measured at the lower of cost and net realizable value. This consequentially overstates the balance for repairs and maintenance in the inflation adjusted condensed statement of profit or loss and other comprehensive income stated at ZWL 29 573 624 (June 2020: ZWL28 816 007) by ZWL12 449 217. Due to the volumes of transactions affecting the inventory account, we were not able to establish the misstatement on the inventory balance stated at ZWL150 409 000 (December 2020: ZWL152 580 000). Consequentially the cashflow statement is also affected.

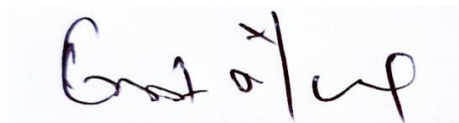
Application of IAS29 - Financial Reporting in Hyperinflationary Economies

Furthermore, notwithstanding that IAS 29 has been applied correctly, 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 been used, the above stated accounts would have been materially different. Consequently, monetary loss of ZWL 464 652 000 (2020: ZWL 129 865 000) is impacted. Our opinion was also modified in respect of this matter in the prior year.

Adverse conclusion

In view of the matters described in the preceding paragraphs, the interim condensed consolidated inflation-adjusted financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standards.

The engagement partner on the review engagement resulting in this review conclusion report on the interim inflation adjusted condensed consolidated financial statements is Mr David Gwande (PAAB Practicing Certificate Number 132).



**ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS**

Harare; 20 December 2021