



# Reviewed Abridged Consolidated Financial Results

## for the half year ended 30 June 2022



Total Transport & Logistics Solutions



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### Chairman's Statement

#### Overview

The company has had a positive start to the year, with half year volumes 19% ahead of last year and 5% ahead of Budget. The fundamentals are sound and the business is on a solid footing.

#### Financial performance

We are very pleased to be able to report an inflation adjusted earnings before interest tax and depreciation of ZWL396 million which is 76% above prior ZW\$225 million. The Group has been monitoring costs as margins continued to be eroded and this has resulted in this healthy increase from prior year.

Cumulative Q2 Sales in real terms were on a par with last year but 10% behind budget indicating that we are losing ground on yield, however we have been able to contain costs within budget and maintain a healthy bottom line.

Our cumulative net profit as a percentage of revenue is sitting at 10.9% which is above industry average, but unfortunately below expectations.

#### Outlook

The Board is 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. We are also optimistic with regard to the positive changes in the monetary policy, with the view that if implemented correctly, it is in the favour of formal business flourishing, while the playing field is leveled to include the informal market in the economy. We are rigorously pursuing new revenue streams, whilst maintaining and strictly monitoring costs and are confident that we will end 2022 with a favourable set of results.

#### Dividend

The Directors did not declare an interim dividend for the half year.

#### 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

28 September 2022

### REVIEWED ABRIDGED STATEMENT OF FINANCIAL POSITION as at 30 June 2022

|  | Reviewed         |                  | Audited          |                  | Unaudited |          |
|--|------------------|------------------|------------------|------------------|-----------|----------|
|  | June 2022        | Dec 2021         | June 2021        | Dec 2021         | June 2022 | Dec 2021 |
|  | ZWS '000         | ZWS '000         | ZWS '000         | ZWS '000         | ZWS '000  | ZWS '000 |
|  | Inflation Adj    | Inflation Adj    | Historical       | Historical       |           |          |
| <b>ASSETS</b>                                    |                  |                  |                  |                  |           |          |
| <b>Non current assets</b>                        | <b>5,760,766</b> | <b>7,199,798</b> | <b>1,447,995</b> | <b>1,148,848</b> |           |          |
| Property, vehicles and equipment                 | 2,259,823        | 2,823,077        | 201,918          | 168,349          |           |          |
| Investment property                              | 1,577,140        | 1,604,022        | 18,100           | 18,193           |           |          |
| Investment in equity instrument                  | 717,654          | 1,773,797        | 717,654          | 810,258          |           |          |
| Right of use of asset                            | 1,059,081        | 851,831          | 508,823          | 150,548          |           |          |
| Intangible assets                                | 147,068          | 147,071          | 1,500            | 1,500            |           |          |
| <b>Current assets</b>                            | <b>1,527,437</b> | <b>1,179,607</b> | <b>1,514,102</b> | <b>528,836</b>   |           |          |
| Inventories                                      | 280,996          | 423,977          | 267,661          | 183,669          |           |          |
| Trade and other receivables                      | 1,216,027        | 700,816          | 1,216,027        | 320,128          |           |          |
| Income tax asset                                 | -                | 657              | -                | 300              |           |          |
| Cash and cash equivalents                        | 30,414           | 54,157           | 30,414           | 24,739           |           |          |
| <b>TOTAL ASSETS</b>                              | <b>7,288,203</b> | <b>8,379,405</b> | <b>2,962,097</b> | <b>1,677,684</b> |           |          |
| <b>EQUITY AND LIABILITIES</b>                    |                  |                  |                  |                  |           |          |
| <b>Equity</b>                                    | <b>5,220,685</b> | <b>6,875,413</b> | <b>1,545,817</b> | <b>1,206,415</b> |           |          |
| Share capital                                    | 104,424          | 104,424          | 1,065            | 1,065            |           |          |
| Share premium                                    | 201,984          | 201,984          | 2,060            | 2,060            |           |          |
| Non distributable reserve                        | 3,552,064        | 3,552,064        | 46,356           | 46,356           |           |          |
| Fair value reserve for financial assets at FVOCI | (238,193)        | 796,826          | 386,242          | 476,994          |           |          |
| Shareholders loans                               | 875,690          | 875,690          | 8,931            | 8,931            |           |          |
| Retained Earnings                                | 724,716          | 1,344,425        | 1,020,673        | 671,009          |           |          |
| <b>Non current liabilities</b>                   | <b>952,978</b>   | <b>866,226</b>   | <b>387,218</b>   | <b>179,941</b>   |           |          |
| Lease liability                                  | 359,892          | 337,176          | 359,891          | 154,020          |           |          |
| Deferred tax liabilities                         | 593,086          | 529,050          | 27,327           | 25,921           |           |          |
| <b>Current liabilities</b>                       | <b>1,114,540</b> | <b>637,766</b>   | <b>1,109,552</b> | <b>291,328</b>   |           |          |
| Trade and other payables                         | 638,919          | 526,406          | 638,919          | 240,459          |           |          |
| Income tax payable                               | 77,683           | -                | 72,693           | -                |           |          |
| Lease liability                                  | 18,645           | 15,352           | 18,647           | 7,013            |           |          |
| Loans and borrowings                             | 379,293          | 96,008           | 379,293          | 43,856           |           |          |
| <b>TOTAL EQUITY AND LIABILITIES</b>              | <b>7,288,203</b> | <b>8,379,405</b> | <b>2,962,097</b> | <b>1,677,684</b> |           |          |

### REVIEWED ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the half year ended 30 June 2022

|   | Reviewed           |                    | Unaudited        |                  |
|---|--------------------|--------------------|------------------|------------------|
|   | June 2022          | June 2021          | June 2022        | Dec 2021         |
|   | ZWS '000           | ZWS '000           | ZWS '000         | ZWS '000         |
|   | Inflation Adj      | Inflation Adj      | Historical       | Historical       |
| <b>Revenue</b>  | <b>4,520,691</b>   | <b>3,484,112</b>   | <b>3,114,737</b> | <b>1,120,273</b> |
| Operating costs   | (4,245,203)        | (3,287,954)        | (2,771,490)      | (1,004,388)      |
| Movement in expected credit losses  | -                  | (150,828)          | -                | (51,731)         |
| Other operating income  | 120,222            | 179,714            | 192,954          | 35,619           |
| <b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>                      | <b>395,710</b>     | <b>225,044</b>     | <b>536,201</b>   | <b>99,773</b>    |
| Finance costs   | (114,614)          | (9,194)            | (78,689)         | (9,553)          |
| Depreciation  | (311,874)          | (416,404)          | (27,358)         | (8,584)          |
| Loss on net monetary position   | (424,695)          | (1,354,751)        | -                | -                |
| <b>(Loss)/profit before taxation</b>  | <b>(455,473)</b>   | <b>(1,555,305)</b> | <b>430,154</b>   | <b>81,636</b>    |
| Income tax (expense)/credit   | (164,236)          | 1,014,755          | (80,490)         | (22,859)         |
| <b>(Loss)/profit for the period</b>   | <b>(619,709)</b>   | <b>(540,550)</b>   | <b>349,664</b>   | <b>58,777</b>    |
| <b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b> |                    |                    |                  |                  |
| Net loss on equity instruments designated at fair value through other comprehensive income        | (1,035,019)        | -                  | (90,752)         | -                |
| <b>Other comprehensive loss for the period, net of tax</b>  | <b>(1,035,019)</b> | <b>-</b>           | <b>(90,752)</b>  | <b>-</b>         |
| <b>Total comprehensive loss for the period, net of tax</b>  | <b>(1,654,728)</b> | <b>(540,550)</b>   | <b>258,912</b>   | <b>58,777</b>    |
| <b>Earnings per share</b>   |                    |                    |                  |                  |
| -Basic earnings for the period attributable to ordinary equity holders of the parent (cents)      | (1,554.11)         | (507.68)           | 243.17           | 55.20            |
| -Diluted earnings for the period attributable to ordinary equity holders of the parent (cents)    | (1,554.11)         | (507.68)           | 243.17           | 55.20            |

### REVIEWED ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the half year ended 30 June 2022

|  | Share capital |          | Share premium | Non-distributable reserves | Inflation Adjusted |                        | Retained Earnings | Total Equity |
|--|---------------|----------|---------------|----------------------------|--------------------|------------------------|-------------------|--------------|
|  | 2021          | 2022     |               |                            | Shareholders loans | Fairvalue of financial |                   |              |
|  | ZWS '000      | ZWS '000 | ZWS '000      | ZWS '000                   | ZWS '000           | ZWS '000               | ZWS '000          | ZWS '000     |
|  | Inflation Adj |          |               |                            |                    |                        |                   |              |
| <b>Balance as at 1 January 2021</b>  | 104,424       | 201,984  | 3,552,064     | -                          | 875,690            | 121,176                | -                 | 4,855,339    |
| Loss for the period  | -             | -        | -             | -                          | -                  | -                      | (540,550)         | (540,550)    |
| <b>Balance as at 30 June 2021</b>  | 104,424       | 201,984  | 3,552,064     | -                          | 875,690            | (419,374)              | -                 | 4,314,789    |
| <b>Balance as at 1 January 2022</b>  | 104,424       | 201,984  | 3,552,064     | 796,826                    | 875,690            | 1,344,425              | -                 | 6,875,413    |
| Loss for the period  | -             | -        | -             | -                          | -                  | -                      | (619,709)         | (619,709)    |
| Net loss on equity instruments designated at fair value through other comprehensive income | -             | -        | -             | (1,035,019)                | -                  | -                      | -                 | (1,035,019)  |
| <b>Balance as at 30 June 2022</b>  | 104,424       | 201,984  | 3,552,064     | (238,193)                  | 875,690            | 724,716                | -                 | 5,220,685    |

### REVIEWED ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS for the half year ended 30 June 2022

|   | Reviewed       |                  |
|---|----------------|------------------|
|   | June 2022      | June 2021        |
|   | ZWS '000       | ZWS '000         |
|   | Inflation Adj  | Inflation Adj    |
| <b>Net cash generated from operating activities</b>                 | <b>285,992</b> | <b>1,218,715</b> |
| Cash generated from operations                                      | 400,606        | 1,327,236        |
| Interest paid   | (114,614)      | (9,194)          |
| Taxation paid   | -              | (99,327)         |
| <b>Net cash generated from investing activities</b>                 | <b>96,885</b>  | <b>42,967</b>    |
| Purchase of property, vehicles and equipment to increase operations | (111,415)      | (11,622)         |
| Proceeds from sale of property, vehicles and equipment              | 208,300        | 54,589           |
| <b>Net cash generated/ (utilised) in financing activities</b>       | <b>429,030</b> | <b>(2,826)</b>   |
| Proceeds from borrowings  | 544,084        | 37,903           |
| Payment of deferred consideration                                   | -              | (44)             |
| Principal payment of lease liabilities                              | (9,133)        | (2,659)          |
| Repayments of borrowings  | (105,921)      | (38,026)         |
| <b>Increase in cash and cash equivalents</b>                        | <b>811,907</b> | <b>1,258,856</b> |
| Cash and cash equivalents at beginning of period                    | 54,157         | 178,153          |
| Net foreign exchange differences                                    | 2,436          | 10,272           |
| Effects of inflation on cash and cash equivalents                   | (838,086)      | (1,008,504)      |
| <b>Cash and cash equivalents at end of period</b>                   | <b>30,414</b>  | <b>438,777</b>   |

### NOTES TO THE REVIEWED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS for the half year ended 30 June 2022

#### 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 September 2022.

#### 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 Hyper-Inflationary Economies had been met in Zimbabwe. The pronouncement requires 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-21         | 2.9156 | Mar-22         | 1.8269 |
| Dec-21         | 2.1892 | Apr-22         | 1.5811 |
| Jan-22         | 2.0781 | May-22         | 1.3070 |
| Feb-22         | 1.9423 | Jun-22         | 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

|                                      | June 2022        |                | June 2021      |                |
|--------------------------------------|------------------|----------------|----------------|----------------|
|                                      | ZWS '000         | ZWS '000       | ZWS '000       | ZWS '000       |
|                                      | Inflation Adj    |                |                |                |
| <b>Current</b>                       | <b>1,053,855</b> | <b>549,091</b> | <b>152,359</b> | <b>304,208</b> |
| Trade receivables                    | 72,601           | 17,487         | 65,044         | 80,458         |
| Receivables due from related parties | (87,626)         | (140,074)      | 259,097        | 72,707         |
| Less: provision for impairment       | 1,038,830        | 426,504        | -              | -              |
| <b>Trade receivables - net</b>       | <b>19,629</b>    | <b>10,497</b>  | <b>162,419</b> | <b>69,033</b>  |
| Prepayments                          | 19,638           | 45,583         | 638,919        | 526,406        |
| Staff debtors                        | 5,338            | 409            | -              | -              |
| VAT receivable                       | 106              | 1,582          | -              | -              |
| Other debtors                        | 152,115          | 226,738        | -              | -              |
|                                      | 1,216,027        | 700,816        | -              | -              |

#### Borrowings

Borrowings represent facilities for capital expenditure and working capital. The interest rates is 65%.

|  | June 2022     |           | Dec 2021 |          |
|--|---------------|-----------|----------|----------|
|  | ZWS '000      | ZWS '000  | ZWS '000 | ZWS '000 |
|  | Inflation Adj |           |          |          |
| Shareholder loans                      | 875,690       | 875,690   | -        | -        |
| Equity component of shareholders loans | (875,690)     | (875,690) | -        | -        |
| Loans and Borrowings                   | 379,293       | 96,008    | 379,293  | 96,008   |

#### Capital expenditure

Capital expenditure comprises the following:

|   | June 2022     |          | June 2021 |          |
|---|---------------|----------|-----------|----------|
|   | ZWS '000      | ZWS '000 | ZWS '000  | ZWS '000 |
|   | Inflation Adj |          |           |          |
| Capital expenditure                             | 111,415       | 11,622   | -         | -        |
| Acquisition of property, vehicles and equipment | -             | -        | -         | -        |

#### 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

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.

### Auditor's Statement

These Abridged Consolidated Financial Statements have been reviewed by Grant Thornton Chartered Accountants (Zimbabwe).

The auditors have issued a qualified review conclusion regarding non-compliance with the requirements of the following:

- International Accounting Standard (IAS) 2 - "Inventories",
- International Financial Reporting Standard (IFRS 11) - "Joint Arrangements", and
- International Accounting Standard (IAS 28) - "Investments in Associates and Joint Ventures."

The review conclusion on the Abridged Consolidated Financial Statements is available for inspection at the company's registered office.

The engagement partner on the review engagement resulting in this independent review conclusion is Farai Chibisa (PAAB Number 0547).

## **REPORT ON REVIEW OF INTERIM ABRIDGED CONSOLIDATED FINANCIAL INFORMATION**

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**To the members of Unifreight Africa Limited and its subsidiaries**

We have reviewed the accompanying interim abridged consolidated statement of financial position of Unifreight Africa Limited and its subsidiaries (the “Group”) as at 30 June 2022 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-months then ended, and a summary of significant group accounting policies and other explanatory notes.

### **Responsibilities of Management and Those Charged with Governance for the interim abridged consolidated financial statements**

Management is responsible for the preparation and fair presentation of these interim abridged consolidated financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and the Group’s accounting policies, this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of interim abridged consolidated financial statements that are free of material misstatement whether due to fraud or error.

Our responsibility is to express a conclusion on these interim abridged 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 financial information 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 Qualified Conclusion**

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

In the prior year, 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.

The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the interim abridged consolidated financial statements for the six months ended 30 June 2022.

#### *Non-compliance with International Financial Reporting Standard IFRS 11 - Joint Arrangements and IAS 28 - Investments in Associates and Joint Ventures.*

Included in the inflation adjusted consolidated financial statements for the year ended 31 December 2021 are the results of a contract entered into between the entity and a third party. In terms of the agreement, the two parties had planned to expand and diversify their respective businesses by operating a Joint Venture, whereby SWIFT (a division of the company) would procure, pack and redistribute food packs through its depots with the third party selling the food packs and marketing the service. The above provisions in the contract implied that that the arrangement was to be accounted for as a joint venture under IFRS 11 - Joint Arrangements wherein the Group would have accounted for the investment in the joint venture as a non-current asset and subsequently recorded the profits or losses earned or incurred respectively by the joint venture as other income in inflation adjusted consolidated statement of profit or loss and other comprehensive income.

Sufficient and appropriate evidence was not provided to support some of the revenue and cost of sales amounts recorded in relation to this arrangement in the prior year as management were unable to provide the supporting information required to validate the amounts. As a result, we could not determine whether any adjustments might have been necessary to these interim abridged consolidated financial statements in respect of retained earnings, payables, receivables, and the revenue, cost of sales and the related income tax expense or credit for the comparable financial period.

## Qualified Conclusion

Based on our review, except for the effects of the matters described in the Basis for Qualified Conclusion paragraph, the accompanying interim abridged consolidated financial information presents fairly, in all material respects the financial position of Unifreight Africa Limited and its subsidiaries as at 30 June 2022, and of its financial performance and its cash flows for the six months then ended in accordance with International Financial Reporting Standards (IFRSs).

The engagement partner on the review engagement resulting in this independent review conclusion is Farai Chibisa.



Farai Chibisa

**Partner**

Registered Public Auditor (PAAB No: 0547)

**Grant Thornton**

Chartered Accountants (Zimbabwe)

Registered Public Auditors

29 September 2022

**HARARE**