Pioneer CORPORATION AFRICA

TOTAL TRANSPORT & LOGISTICS SOLUTIONS

Audited Financial Statements

for the year ended 31 December 2013

Chairman's Statement

Overview
The Group's operations continue to be significantly affected by the increasingly challenging environment and lack of liquidity which has prevailed in Zimbabwe over the past number of years resulting in reduced activity and a stressed working capital environment.

The Group's revenue eased by 11% to USD23,682 million and an operating loss of USD3,214 million was recorded compared to an operating profit of USD37,000 in 2012.

Financial Performance
The Group recorded a net loss before tax of USD856,000 compared to a loss of USD208,000 in 2012. This net loss before tax was achieved despite the above noted operating loss for 2013 due to a gain on the purchase of the business of Unifreight Limited of USD2,456 million. The subdued operating performance of the Group is now set to be boosted in 2014 with the acquisition of the Unifreight business and the extra and varied operating units that will now form part of the Group's results.

Foreign subsidiaries reporting currencies are principally in South African Rand and Botswana Pula which were converted to United States Dollars at appropriate cross rates for reporting purposes.

Foreign Subsidiaries
Foreign subsidiaries continue to perform well, accounting for 44% of the Group's revenue and an operating profit of USD35,000 in 2013.

PXL Freight and Logistics South Africa, Pioneer Clan Botswana and Mavambo Coaches South Africa comprise the foreign subsidiaries.

Strategic contracts with blue chip companies in South Africa to move freight into Zimbabwe and the region contributed to consistent revenue performance in 2013.

Local Subsidiaries
Certain local subsidiaries' performed better in 2013 despite the challenging operating environment. Pioneer Transport, however contributed in the main to the operating loss reported above and this resulted in a change of management at the company in late 2013. We have every confidence that the new management will engineer a significant turnaround in performance and accountability leading to better control and improved results in 2014. Passenger business operations continue to be affected by depressed bus fares due to prevailing economic environment challenges. However despite this occupancy levels remained constant and the brand is strong in the market with a number of new buses introduced on the local and cross-border routes in late 2013 and early 2014.

UNIFREIGHT
The purchase of Unifreight Limited business has been approved with the obtaining in late 2013 of the final regulatory approval. The operating assets and liabilities have been duly recorded in the Group's statement of financial position as at 31 December 2013 which has seen a significant increase in the value of the business. With effect from 2014 trading results of Unifreight businesses will now be incorporated in the Group's results thereby boosting revenues by USD 21 million per annum.

Outlook
We, as a Group, are optimistic that the Zimbabwe economy and industry in general in Zimbabwe will improve in the medium to long term which will benefit our businesses positively. We are therefore positioning ourselves to take advantage of that improvement.

We also continue to look to the region for expansion and growth potential, with Zambia certainly being one of the more promising markets that we are looking to penetrate in 2014, as well as continuing to increase our footprint in Botswana.

The cost, structural and strategic initiatives implemented in 2013 and right sizing initiatives planned for 2014 should result in a significant turnaround of Group performance going forward. The on-going re-capitalization of the business will result in improved operational efficiencies and strong Group brands for our customers. Various synergies can now be implemented with the Unifreight businesses included in the Group and this potential has created a great deal of excitement for improved Group performance in 2014.

A structured cost reduction drive has been implemented to ensure viable profit margins are achieved in 2014 and beyond. Positive performance is forecasted for 2014.

Dividend
The Board has not declared a dividend in line with strategy to invest in working capital.

Appreciation
On behalf of the Board, I would like to thank management, staff and other stakeholders for their support and commitment in keeping the company moving forward during current challenging times.

P C Chingoka
27 March 2014

Auditor's Statement

The financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2013. These Group financial statements have been audited by Group auditors Ernst & Young Chartered Accountants (Zimbabwe) who have expressed an unqualified opinion on them with an emphasis of matter paragraph on the Group's ability to continue as a going concern. The signed auditor's report on the Group financial statements which form the basis of these financial results is available for inspection at the Company's registered office.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

	2013 USD 000	2012 USD 000
ASSETS		
Non current assets	27,696	13,371
Property, vehicles and equipment	21,405	8,491
Investment Property	4,791	4,880
Intangible asset	1,500	-
Current assets	7,609	4,499
Inventories	1,060	327
Trade and other receivables	6,195	3,976
Cash and bank balances	354	196
TOTAL ASSETS	35,305	17,870
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent	5,537	5,349
Share capital	549	549
Non distributable reserve	5,782	4,762
Revaluation reserve	1,232	1,209
Foreign currency translation reserve	(693)	(412)
Shareholders loans	2,875	2,875
Accumulated loss	(4,208)	(3,634)
Non controlling interest	-	1,020
Total equity	5,537	6,369
Non current liabilities	13,762	4,466
Borrowings	7,615	2,290
Trade and other payables	3,657	497
Purchase of business	1,115	-
Deferred income tax liabilities	1,375	1,679
Current liabilities	16,006	7,035
Trade and other payables	9,266	5,917
Purchase of business	3,112	-
Current income tax liabilities	173	150
Borrowings	3,455	968
TOTAL EQUITY AND LIABILITIES	35,305	17,870

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	2013 USD 000	2012 USD 000
Revenue	23,682	26,686
Cost of sales	(15,764)	(16,710)
Gross Profit	7,918	9,976
Other operating income	1,384	982
Distribution expenses	(195)	(230)
Administration expenses	(10,991)	(9,930)
Other operating expenses	(908)	(761)
Impairment of assets	(422)	-
Operating (Loss)/Profit	(3,214)	37
Financing costs	(98)	(245)
Gain on business purchase	2,456	-
Loss before taxation	(856)	(208)
Income tax credit/(charge)	282	(354)
(Loss) for the year	(574)	(562)
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(281)	(648)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Revaluation surplus on property, vehicles and equipment, net of tax	23	148
Other comprehensive loss for the year, net of tax	(258)	(500)
Total comprehensive loss for the year, net of tax	(832)	(1,062)
Loss for the year attributable to:		
Owners of the parent	(574)	(907)
Non-controlling interest	-	345
	(574)	(562)
Total comprehensive loss attributable to:		
Owners of the parent	(832)	(1,370)
Non-controlling interest	-	308
	(832)	(1,062)
Basic loss per share (cents)	(1.04)	(1.65)
Diluted loss per share (cents)	(0.54)	(1.65)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

	Attributable to equity shareholders of the parent							
	Share capital USD000	Non distributable reserve USD000	Revaluation reserve USD000	FCTR USD000	Share -holders loans USD000	Accumulated loss USD000	Non controlling interest USD000	Total equity USD000
Year ended 31 December 2012								
Balance as at 1 January 2012	549	4,762	1,061	(88)	577	(2,727)	999	5,133
Transaction with Shareholders								
Shareholder loans transferred to equity	-	-	-	-	2,298	-	-	2,298
Comprehensive (loss)/income								
(Loss) for the year	-	-	-	-	-	(907)	345	(562)
Other comprehensive income								
Currency translation differences	-	-	-	(324)	-	-	(324)	(648)
Revaluation of property, vehicles and equipment (net of tax)	-	-	148	-	-	-	-	148
Balance as at 31 December 2012	549	4,762	1,209	(412)	2,875	(3,634)	1,020	6,369
Year ended 31 December 2013								
Balance as at 1 January 2013	549	4,762	1,209	(412)	2,875	(3,634)	1,020	6,369
Comprehensive (loss)/income								
(Loss) for the year	-	-	-	-	-	(574)	-	(574)
Transaction with owners in their capacity as owners	-	1,020	-	-	-	-	(1,020)	-
Other comprehensive income								
Currency translation differences	-	-	-	(281)	-	-	-	(281)
Revaluation of property, vehicles and equipment (net of tax)	-	-	23	-	-	-	-	23
Balance as at 31 December 2013	549	5,782	1,232	(693)	2,875	(4,208)	-	5,537

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2013

	2013 USD 000	2012 USD 000
Net cash generated from operating activities	1,249	1,934
Cash generated from operations	1,293	2,198
Interest paid	(41)	(151)
Taxation paid	(3)	(113)
Net cash utilised in investing activities	(2,676)	(550)
Purchase of property, vehicles and equipment	(3,224)	(2,043)
Proceeds from sale of property, vehicles and equipment	455	1,450
Acquisition of a business (net of cash acquired)	75	-
Proceeds from sale of scrap	18	43
Net cash utilised in financing activities	1,628	(1,793)
Proceeds from borrowings	2,390	1,068
Repayments of borrowings	(762)	(2,861)
Net increase/(decrease) in cash and cash equivalents	201	(409)
Cash and cash equivalents at beginning of year	196	560
Net foreign exchange differences	(43)	45
Cash and cash equivalents at end of year	354	196

Notes to the financial statements

1. **General information**
Pioneer Corporation Africa Limited (formerly Clan Holdings 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 passenger services, inter-city freight, the distribution of general goods and an internal courier service. The Group has investments in an associated company involved in tyre retreading and new tyre sales.

The Company is incorporated in Zimbabwe. Other entities in the Group are incorporated in South Africa, Botswana and Mauritius. The company is listed on the Zimbabwe Stock Exchange
These Group consolidated financial statements are presented in United States Dollars and were authorized for issue by the Board of Directors on 27 March 2014.

2. **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.

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Directors: P C Chingoka (Chairman), H B W Rudland, G R Smith (CEO - Acting)*, B G Manyenyeni, C Matigimu, T A Taylor * Executive