



UNIFREIGHT AFRICA LIMITED
Corporate Annual Report

2018



Total Transport & Logistics Solutions



MAX HEIGHT
4.6 M

SWIFT

SWIFT

SWIFT

SWIFT

SWIFT

UNIFREIGHT
AFRICA LTD
100 WILSON ROAD
DUBLIN, IRELAND

UNIFREIGHT

FREIGHT
SCA LTD
100 WILSON ROAD
DUBLIN, IRELAND

UNIFREIGHT

UNIFREIGHT
AFRICA LTD
100 WILSON ROAD
DUBLIN, IRELAND

UNIFREIGHT



AFRICA LTD



"If you are working on something that you really care about, you don't have to be pushed. The vision pulls you." - Steve Jobs

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NOTICE TO SHAREHOLDERS

NOTICE OF THE ANNUAL GENERAL MEETING OF THE MEMBERS OF UNIFREIGHT AFRICA LIMITED Incorporated in the Republic of Zimbabwe ("Unifreight" or "Company") Registration number: 304/1970

Notice is hereby given that the 49th Annual General Meeting of Shareholders will be held in the Centenary Boardroom of the Harare Royal Golf Club, 5th Street Extension/Josiah Tongogara Avenue Harare on 27th June 2019 at 10:00am to conduct the following business;

ORDINARY BUSINESS

1. CONSTITUTION OF MEETING

- 1.1 To table forms of proxy
- 1.2 To declare the meeting constituted.

2. FINANCIAL STATEMENTS AND THE REPORTS OF THE DIRECTORS AND AUDITORS

- 2.1 To consider and adopt the financial statements for the year ended 31 December 2018 together with the reports of the directors and auditors.

3. DIRECTORS' FEES

- 3.1 To approve Directors fees for the year ended 31 December 2018.

4. DIRECTORATE

- 4.1 To confirm the appointment of Messrs Peter Annesley and David Hlatywayo. In terms of Section 106 of the Company's Articles of Association, Messrs Peter Annesley and David Hlatywayo retire at the Company's Annual General Meeting. Both being eligible offer themselves for re-election. The Directors will be elected by separate resolution.
- 4.2 To re- elect Messrs Christopher Amira, Belmont Ndebele and Ms Sarah Rudland. In terms of Section 99 of the Company's Articles of Association the directors retire by rotation. All being eligible, offer themselves for re-election. The Directors will be elected by separate resolution.
- 4.3 To retire Messrs Thomas Taylor, Gary Smith, Patrick Chingoka, and Clever Matigimu. The Directors will retire at the Annual General Meeting.

5. AUDITORS

- 5.1 To approve the remuneration of the auditors for the past year and to consider the re-appointment of EY Chartered Accountants (Zimbabwe) as auditors for the year ending 31st December 2019.

6. DIVIDEND

- 6.1 To approve the final dividend of 0.38 RTGS cents per share as proposed by the Directors.

7. Any other Business

Any other business that may be transacted at an Annual General Meeting.

NOTE: In terms of the Companies Act (Chapter 24:03) a member entitled to attend and vote at the Annual General Meeting of the Shareholders may appoint a proxy to attend and speak and, on poll, vote in his stead. A proxy need not be a member of the Company. Proxy forms must be lodged with the Secretary not less than forty –eight (48) hours before the time of the holding of the meeting. Proxy forms are also available online at www.unifreight.co.zw

TRANSFER SECRETARIES

First Transfer Secretaries (Private) Limited
No 1 Armagh Avenue, Eastlea
Harare

REGISTERED OFFICE OF THE COMPANY

Unifreight Africa Limited
Corner Orme/ Willow Roads
Southerton, Harare

By Order of the Board



Moreblessing T Mukamba
Company Secretary

05 June 2019

YOU GROW, WE GO

HANDEE!



Don't be left behind in making tobacco profits – this 2018, leave it to the experts. Ensure your bales get to the auction floors on time and in tip-top condition by using Swift Mutakuri Crop Transport Service.

With access to a wide depot network, this year we're offering an additional backload service plus a \$10 advance via EcoCash so don't worry, we'll get your harvest there!

TRANSPORT CHARGE PER BALE

Banket	\$7	Harare	\$6	Mhangura	\$12	Odzi	\$12
Bindura	\$8	Headlands	\$8	Mt Darwin	\$8	Riverside	\$12
Centenary	\$10	Kadoma	\$8	Mutoko	\$8	Rusape	\$10
Chegutu	\$8	Karoi	\$11	Murewa	\$8	Shamva	\$10
Chinhoyi	\$8	Lions Den	\$8	Mutorashanga	\$10	St Alberts	\$12
Chivhu	\$8	Macheke	\$8	Mvurwi	\$8	Tengwe	\$12
Chipembere	\$10	Magunje	\$12	Negomo	\$10	Virginia	\$10
Concession	\$8	Marondera	\$8	Nyamahobogo	\$8	Wedza	\$10
Guruve	\$10	Melfort	\$6	Nyazura	\$10	Other	\$12



For more information



Whatsapp 0784 921 870 or visit your nearest **Swift Depot**

MISSION - VISION STATEMENT



VISION

To become the major freight and logistics company in Zimbabwe and the Southern African region.

MISSION

We are the Logistics market leaders providing a full range of value distribution solutions throughout Zimbabwe, by having a passionate and inspired culture of “going the extra mile”, thereby creating value and exceptional service for all our stakeholders.

CORPORATE INFORMATION

The Company is incorporated in Zimbabwe with its subsidiaries operating in Zimbabwe.

BUSINESS

The Group's core business is transport and logistics offering freight and courier services.

MAIN BOARD

P. C. Chingoka (Chairman)
R. E. Kuipers* (Chief Executive Officer)
C. A. Amira
C. Matigimu
S. L. Rudland

*** Executive Director**

MAIN BOARD

B. N. Ndebele
T. A. Taylor
G. R. Smith
P. Annesley (appointed 1st May 2019)
D. Hlatywayo (appointed 1st May 2019)

MAIN BOARD COMMITTEES

AUDIT, FINANCE AND RISK COMMITTEE

C. Matigimu (Chairman)
T. A. Taylor
G. R. Smith
B. N. Ndebele
R. E. Kuipers*

*** (by invitation)**

P. Annesley (appointed 1st May 2019)
D. Hlatywayo (appointed 1st May 2019)

HUMAN RESOURCES AND REMUNERATION COMMITTEE

P. C. Chingoka (Chairman)
S. L. Rudland
G.R. Smith
C. A. Amira
R. E. Kuipers*

***(by invitation)**

PROPERTY COMMITTEE

T. A. Taylor (Chairman)
G. R. Smith
P. C. Chingoka

NOMINATIONS COMMITTEE

P. C. Chingoka (Chairman)
T. A. Taylor

ADMINISTRATION

SECRETARIES

First Transfer Secretaries (Private) Limited
No 1 Armagh Avenue
Eastlea
Harare

PRINCIPAL BANKERS

NEDBANK Zimbabwe Limited
CBZ Bank Limited
NMB Bank Limited

REGISTERED OFFICES

1 Hood Road, Southerton, Harare, Zimbabwe
Telephone: (+263) 4 621 015-21

Email: solutions@unifreight.co.zw
Website: www.unifreight.co.zw

COMPANY SECRETARY

Moreblessing T Mukamba

AUDITORS

EY Chartered Accountants (Zimbabwe)
Registered Public Auditors

BOARD OF DIRECTORS



Patrick Chakanetsa Chingoka - Chairman

Patrick Chingoka was born in Harare, Zimbabwe and was educated at St Ignatius College, Chishawasha. He went on to study Human Resources Management at Diploma Levels and is a Fellow of the Institute of Personnel Management of Zimbabwe. He runs his own Human Resources Company known as High Post Consultants where he carries out management training, job evaluations and behavioural profile analysis within Southern Africa. With 20 years experience, Patrick now sits on a number of public and private company boards.



Gary Smith - Non Executive Director

Gary Smith served his articles at Cooper & Lybrand in 1991, while completing his B Com. Degree. He qualified as a Chartered Accountant in 1992. After a brief stint with Transtobac, he established his own successful accountancy business. In 2001 he moved to the United Kingdom and held roles at Deutsche Bank, University of Surrey and Foxhills Club & Resort before moving back to Africa in 2008, where he managed a large transport and logistics company in Beira, Mozambique. He joined Unifreight in January 2013 as Group Finance Director. He was appointed CEO in June 2014 a position he held until his retirement in 2015. He is a citizen of and resides in Zimbabwe.



Christopher Dimitri Amira - Non Executive Director

Chris Amira was born in Zimbabwe, attended Prince Edward School and obtained an Honours degree in Agriculture from the University of Zimbabwe. He has had over 30 years' experience with leading business in Zimbabwe, Zambia, Tanzania and Mozambique. Currently, Chris is self-employed and sits on a number of Company boards within Zimbabwe and the region. He is a citizen and resident of Zimbabwe.



Sarah Leigh Rudland - Non Executive Director

Sarah is a Zimbabwean citizen who studied culinary arts, marketing and project management in Cape Town. She then joined Scania Southern Africa and worked in all the departments covering production, marketing, sales and accounting thus amassed greater knowledge of transport and logistics services. Sarah is a successful restaurant owner in Harare with a firm foundation in the transport industry.



Peter John Annesley - Non Executive Director

Peter John Annesley has over 20 years' experience in financial services as well as business advisory services. Peter has held positions in executive capacity. He holds a Master's Degree in Business Administration from the University of Cape Town School of Business. Peter has participated in corporate and investment banking, creation of financial instruments and capital raising initiatives, property development and infrastructure funding. He is a citizen of and resides in Zimbabwe.



Belmont Njabulo Ndebele - Non Executive Director

Belmont has over 20 years of banking and financial services sector experience 15 of which have been held in an executive capacity. He holds a Masters of Science and a Bachelor of Science Honours degree in Economics from the University of Zimbabwe. He also holds various qualifications in Leadership, Strategy, Corporate Governance, Treasury, Trade and Structured Finance. He also sits on the boards of various listed and non-listed entities in Zimbabwe. He also serves on the Advisory board of a world renowned university based in India. He is a citizen of and resides in Zimbabwe.



Thomas Alexander Taylor - Non Executive Director

Thomas served his articles at PriceWaterhouseCoopers Chartered Accountants (Zimbabwe) working in the Bulawayo, Harare and London offices. Thomas was admitted into PWC partnership in July 1972 and shortly became Partner in charge of the Bulawayo and Botswana offices. In 1985, he transferred to the Harare office as senior Partner of PWC Central Africa and was responsible for the firm's activities in Zimbabwe, Botswana, Malawi and Mozambique. He retired in June 1995 having completed 10 years as Senior Partner. Thomas is now self employed and sits on a number of public and private company boards.



Clever Matigimu - Non Executive Director

Clever Matigimu has 23 years business experience most of which was gained in the short term insurance industry at various levels and was previously Group Managing Director of SFG Holdings and is a co-founder of SFG Group. He is currently the CEO of the Beemarch Group of Companies, incorporating Beemarch Investments (Private) Limited, Beemarch Properties (Private) Limited and Benmarch GeoScientific Services (Private) Limited. Clever is a Fellow of the Chartered Institute of Secretaries and has an MBA. He sat on the Governing Council of the Institute of Chartered Secretaries for a period of six years.



Robert Edward Kuipers - Group Chief Executive Officer

Robert Edward Kuipers was born in Zimbabwe and educated at Falcon College. He attended the University of Pietermaritzburg, reading for a Bachelor of Commerce Degree. After some overseas travel, he went on to do Honours in Accounting, and articles with KPMG. He passed the ICAZ Board Exams on his first attempt. Rob, then worked as the Finance Manager for a large agro-business, Butler Farms. Rob then joined Pioneer Transport. As the Finance Director he took the Company through the reverse listing process from Pioneer Transport (Private) Limited into the ZSE listed Clan Holdings Limited. He then left to run his own companies in the Southern African Region. Rob returned to Zimbabwe in 2010 and joined Swift Transport as the Managing Director. He was appointed Chief Operating Officer in 2014 and Chief Executive Officer in November 2015.



David Hlatywayo - Non Executive Director

David Hlatywayo has amassed invaluable experience in the corporate field. David started his professional career in 1974 when he joined Chibuku Breweries as a Clerk. He rose through the ranks to Regional Accountant and left in 1980. He joined Leer Packaging Limited as a Financial Accountant until 1983 when he left to join the Unifreight Group. He held the position of Group Financial Accountant until 1984 when he was promoted to Group Financial Controller and Company Secretary. He was then promoted to Finance Director in 1988 and Group Chief Executive Officer in 2008. David retired in 2012, wherein he started his own company in steel trading and fabrication. David holds various qualifications including a Masters Degree in Business Administration. He is a business consultant with special emphasis in the hospitality, dairy, transport and agriculture and construction industries, financial models and systems procedures. He is a citizen of and resides in Zimbabwe.

GROUP STRUCTURE

Unifreight Africa Limited

Holding Company and Zimbabwean operating company, branded principally as Swift and Bulwark.

Trek Transport (Private) Limited t/a Skynet Worldwide Express

International Courier Service - Subsidiary

Clan Properties (Private) Limited, Kirkman & Kukard (Private) Limited, Birmingham Road Property (Private) Limited
Property-owning Companies - Subsidiaries

Foreign Subsidiary

Pioneer Clan (Botswana) (Proprietary) Limited

Cross border road freight haulage and logistics - Dormant Subsidiary

Investment Companies

Birmingham Investments (Private) Limited - Dormant Subsidiary

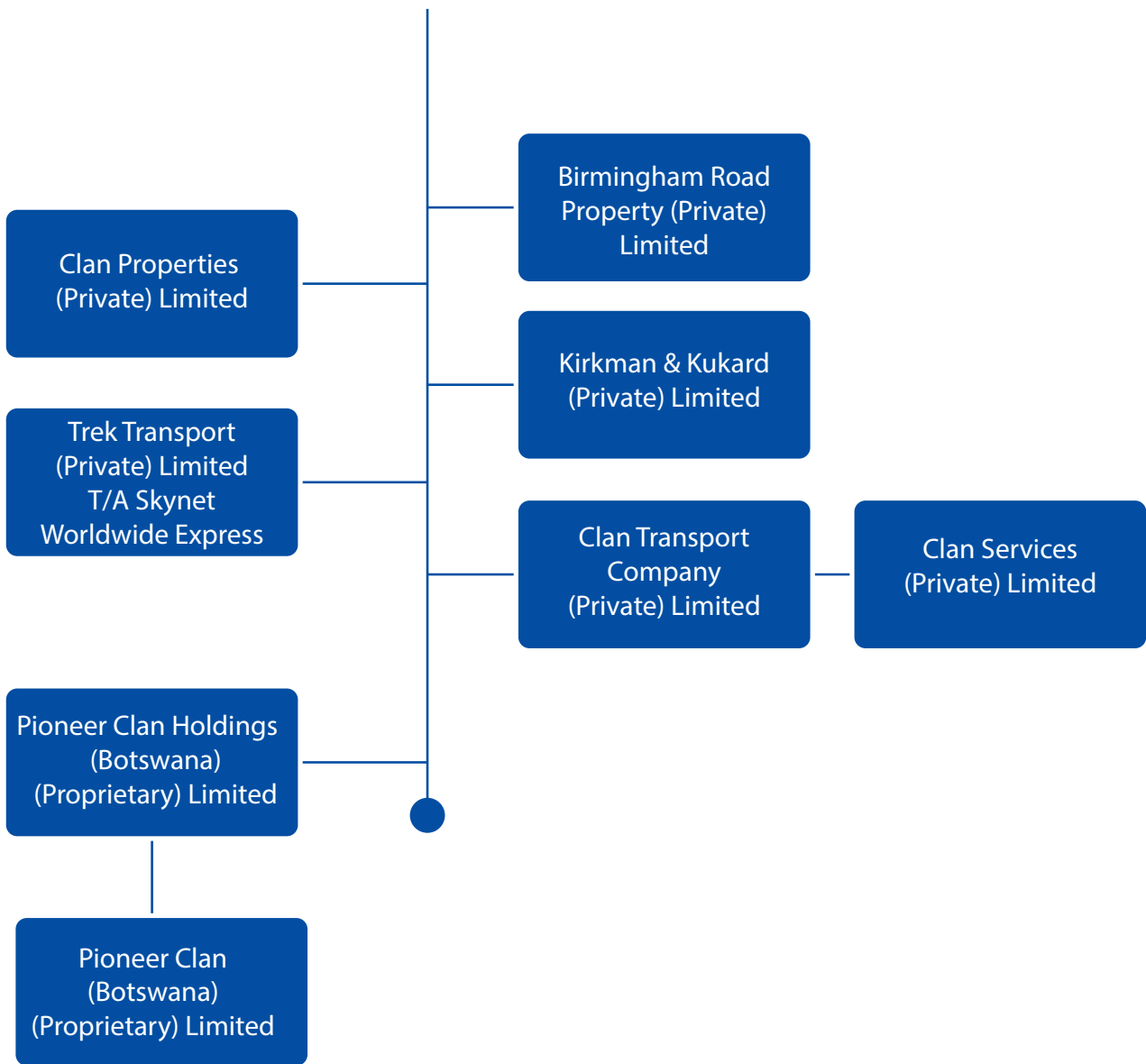
Clan Services (Private) Limited - Subsidiary

Pioneer Clan Holdings (Botswana) (Proprietary) Limited - Dormant Subsidiary

Clan Transport Company (Private) Limited - Dormant Subsidiary

Tredcor Zimbabwe (Private) Limited - 51% owned Investment

*All subsidiaries are 100% owned by Unifreight Africa Limited (2017:100%)



CHAIRMAN'S STATEMENT

We continue to build a solid foundation, and have adapted our model to be able to show steady growth

Overview

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

Financial performance

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

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

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

Outlook

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



innovative solutions to customer challenges in this environment is bearing fruit.

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

Dividend

The Board has recommended the declaration of a dividend of 0.38 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.

A handwritten signature in black ink, appearing to read "Patrick C Chingoka".

Patrick C Chingoka
Chairman
12 March 2019

ABOUT THE UNIFREIGHT GROUP

Unifreight Africa Limited is a well-established, transport-solution orientated organisation. The well-known and trusted brands within the organisation can boast over 100 years combined experience in the transport industry. Unifreight has dominated the Zimbabwean transport industry for 73 years.

The organisation traverses all areas of transport from small parcels via its Courier services to specialised Full loads, all moved through its three brands, Swift Transport, Bulwark and SkyNet Worldwide Express.

Swift Transport specialises in local courier, express-freight, full loads and consolidated shipments. Fully maintained and monitored contract-hire fleets are managed through premier brand Bulwark and all international courier and freight services are expertly handled through the SkyNet Worldwide Express brand. Unifreight Africa Limited is able to provide all its customers with a comprehensive end to end transport and logistic solution.

Unifreight is the only logistic-solution company in Zimbabwe that can boast a truly nationwide footprint with 33 depots strategically situated countrywide, guaranteeing delivery and service to any major destination within 48 hours.

Six engineering workshops in selected depots nationwide are staffed with highly skilled personnel who maintain the superiority of the "Unifreight imperative fleet of vehicles" and keeps them running on time. Unifreight has a regionally recognised and reputable driving school which is not only dedicated to training external drivers, but ensures all Unifreight drivers keep up to code.

With its large-new fleet of vehicles, offering safe and secure transport, and its innovative and dynamic approach to problem solving, Unifreight Africa Limited has established contracts with some of the biggest corporations across all industries that are currently operating in Zimbabwe.

Unifreight invests in its personnel, through both in-house and external training. Training staff is viewed as a top priority, affording internal movement laterally and upwards. The organisation prides itself on offering staff opportunities across all departments, throughout the organisation.

The company understand that there are currently external factors affecting businesses across all industries that are out of its control, but has maintained full control of all Unifreight processes and procedures that ensure smooth operations for all its customers across every service offering. Unifreight is looking forward to the new business opportunities that will arise in 2019.





SWIFT

CEO'S REPORT

Despite 2018 being a tumultuous roller coaster ride for the economy, it was a good year for Unifreight, starting the year with profits in January, this is unusual in the transport industry which is traditionally very lean in the first quarter.

I would like to thank all of our customers for putting their faith in us and our suppliers for bearing with us through some difficult moments, but most of all to our great team, thank-you for your hard work and dedication, going the extra mile towards our goal of taking our company from Good to Great.

While we are happy with profit posted for the year, I do not feel that the income statement is truly reflective of our performance in real terms, due to the fluctuating exchange rate. However owing to our hedged position of fairly high RTGS\$ debt which was used to purchase trucks in US\$, in a snapshot position at year end, using an exchange rate of 3.5 to 1 – we effectively grew the balance sheet in real terms by US\$ 4.5 million this year which is corroborated by taking a view on the cashflow statement, showing that in real terms we purchased US\$ 3.2 Million worth of equipment and repaid a net of just under RTG\$1 Million worth of debt that had been used to purchase equipment in US\$ at 1:1 in prior years. Unlike many other companies that posted much higher profits off the back of foreign currency debts, which will completely erode future profits as the exchange rate moves – we have no foreign borrowings.

We had a healthy growth of 20% in tonnage volume giving rise to the associated 18% growth in revenue. The spiraling exchange rate led to rampant and unwarranted price increases from local suppliers which unfortunately pushed costs above budget, and reducing profits, but we will address this, this year by purchasing direct from foreign suppliers ourselves.

Our biggest challenge that we are facing is earning enough foreign currency for our foreign procurement needs, and the moving exchange rate which requires constant review of our rates and pricing to keep up with the increasing costs. We have been taking a view on doing cross-border work in the region to earn additional forex, but unfortunately the mileages that can be achieved are half of what we can achieve running locally and margins are very thin. Our other big challenge is the availability of fuel which so far has been sufficient although stocks are very low, and we anticipate that we will be required to pay for fuel in forex very soon.

We have also continued to invest in our team, providing internal and external training and personal development to staff at levels, this included extensive RTMS (Road Transport Management System) training for all teams at all our depots.

We are still very focused on our customers' needs, and how we need to adapt our business to them as opposed to expecting them to fit in with "how we have always done things". One of our priorities is improving ease of doing business with us, which will be helped by the addition of "freightware online" to our existing software which will allow customers to create waybills online

We continue to watch the horizon for the threat of "uberisation" and disruption to our business model, which is already taking place with driver owned vehicles moving people and parcels, but we believe that they could complement our business as opposed to threatening it.

Despite the challenges in the economy at the moment, Unifreight has built a very solid foundation and we are confident that we can navigate our way through the difficulties to come out stronger and more profitable on the other side.



R. E Kuipers
Group Chief Executive Officer
30 April 2019

CORPORATE GOVERNANCE

The importance of effective corporate governance continues to be critical in today's environment, not least due to the global financial crisis. Pursuant to the promulgation of the Zimbabwe Code on Corporate Governance in 2014, the Board has taken further steps to promote transparency, integrity and accountability in the running of the day-to-day operations. Several policies are being reviewed and amended in line with the recommendations provided for in the Code. Best practice methods are being continuously adopted to ensure sustainability, development and superior results.



The Company Secretary- Moreblessing Tendai Mukamba

The company secretary plays a leading role in good governance by helping the Board and its committees function effectively and in accordance with their terms of reference and best practice. The company secretary is also the interface between the Board and management and in communication with external stakeholders. Moreblessing holds a Bachelor of Law Degree (LLB) from the University of South Africa (UNISA) and Masters in Business Administration Degree (University of Gloucestershire- UK). She is a duly registered Legal Practitioner and a member of the Law Society of Zimbabwe. Through various attachments in practice, she amassed invaluable experience in the various fields of law encompassing Corporate and Commercial law, Labour and Employment law, Private law, Law of Contract and Dispute Resolution. Moreblessing joined Unifreight Africa Limited in January 2012, as the Company Secretary. She is a citizen of and resides in Zimbabwe.



Board of Directors

The Board has one Executive Director and nine Non-Executive Directors, all of whom are independent. The Board meets at least quarterly.

Profiles of the Directors are found on pages 10 -11 of this report. The roles of Chairman and CEO are completely separate and no individual has unfettered control over decision-making. The Board remains responsible to Shareholders for the setting of strategic direction, monitoring of operational performance and management, risk management processes and policies, compliance and setting of authority levels as well as the selection of new directors. The Board is also responsible for the integrity and quality of communication with stakeholders, including employees, regulators and shareholders. All Directors have direct access to the advice and service of the Company Secretary and to information on the Group's affairs. Each Director is elected by members in a general meeting and must retire by rotation every three years and in the case of new directors, at the expiry of their first year. The Board has approved fees for the coming year, which, as before, are split between a standing quarterly fee and a fee per meeting or Committee meeting attended.

Directors' Interests

Directors of Unifreight Africa Limited are required to advise in writing of any material interest in any contract of significance with the Group or its subsidiaries.

Board Committees

The Board is assisted in the discharge of its responsibilities by a number of Committees which are accountable to the Board. These Committees are chaired by Non Executive Directors who exercise independent judgment.

Audit, Finance and Risk Committee

An independent Non Executive Director chairs the Audit, Finance and Risk Committee (Audit Committee). The Audit Committee has adopted the terms of Reference recommended for an Audit Committee. In particular it assists the Board in the discharge of its duties relating to financial reporting to all stakeholders, compliance and effectiveness of accounting, business risks and management of information systems.

Human Resources and Remuneration Committee

This Committee is chaired by an independent Non Executive Director. The CEO is invited to its meetings but does not participate in any discussions on his remuneration. The Committee is responsible for setting the remuneration of senior executives and fixing the remuneration packages of individual directors within agreed terms of reference, in order to avoid potential conflicts of interest. The broad guidelines of the Committee are to ensure that the financial rewards offered by the Group to employees are sufficient to attract people of the right calibre required for the effective running of the Group and to produce the required returns to its shareholders.

Property Committee

This Committee was established to ensure that the critical property portfolio for the Group is handled separately. This was done in order for the portfolio to get due attention and also to ensure its growth.

Nominations Committee

The Nominations Committee's main role is to review, scrutinize and recommend potential members to the Board. This includes selected Board members, wherein it makes recommendations as to their suitability to the Board.



DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2018. The consolidated financial statements of Unifreight Africa Limited have not been prepared in accordance with International Financial Reporting Standards (IFRS), due to non-compliance with IAS 21 as noted in the basis of preparation on page 32.

Share capital details ordinary shares

Authorised share capital : 140,000,000
Ordinary shares @ \$0.01 each

Issued and fully paid share capital : 106,474,237
Ordinary shares @ \$0.01 each

Authorised but unissued shares
under the control of the Directors : 33,525,763
Ordinary shares @ \$0.01 each

Reserves

The movement on Capital and Reserves is reflected in the Statement of Changes in Equity.

Dividend

Members will be asked to approve payment of a final dividend of 0.38 cents per share as proposed by the Directors.

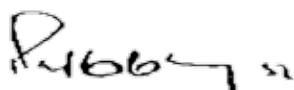
Directors fees

Members will be asked to approve the payment of Directors' fees in respect of the year ended 31 December 2018

Auditors

Members will be asked to approve the remuneration of the Auditors for the past year and re-appoint EY Chartered Accountants Zimbabwe for the current year.

For and on behalf of the Board



P. C. Chingoka
Chairman
3 June 19



M. T. Mukamba
Company Secretary

PASSENGERS TO PETROL

AND EVERYTHING IN BETWEEN

PASSENGER

Primarily concerned with the transportation and charters of human resources in all major industries, namely mining, construction and agriculture, Bulwark Passenger tailors your fleet to fit your needs.

COMMERCIAL

To deal with general mining, industrial and manufacturing concerns, our heavy duty Commercial Division perfectly positions itself to handle, move and direct all ore hauling, earth moving and FMCG logistical needs nationwide.

INDUSTRIAL

Dedicated to the specialised logistics required by the mining, construction and agricultural sectors, Bulwark Industrial manages and maintains your fleet requisites from the top down, always keeping your business moving forward.

TANKERS

The transportation and distribution of fuel and hazardous chemicals is a highly specialised concern, expertly controlled through Bulwark's professional Tanker Division where we fit the fleet to the requirements and protect your bottom line.



TAILORED FLEET SOLUTIONS

For more information on tailored fleet solutions
Call us **08677 000 777** or visit **www.bulwark.co.zw**

Bulwark Transport: Cnr Orme/Willow Roads, New Ardbennie, Harare



DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Board of Unifreight Africa Limited is responsible for preparation and fair presentation of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Zimbabwe Companies Act (Chapter 24:03).

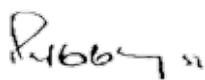
These consolidated financial statements have been prepared with the aim of complying with International Financial Reporting Standards (IFRS) and are presented in United States Dollars (US\$) which is the Group's functional currency. While full compliance with IFRS has been possible in the previous periods, compliance therewith for 2018 has not been possible due to non-compliance with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" (IAS21). The IFRS Conceptual Framework requires that in applying fair presentation to financial statements, entities should go beyond the consideration of the legal form of transactions and any other factors that could have an impact on them. IAS 21 requires an entity to apply certain parameters in determining the functional currency of an entity for use in the preparation of its financial statements. This standard also requires an entity to make certain judgements, where applicable, regarding appropriate exchange rates between currencies where exchangeability through a legal and market exchange mechanism is not achievable. In the opinion of the directors, the requirement to comply with Statutory Instrument 33 (SI 33) of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the IFRS Conceptual Framework (see guidance issued by the Public Accountants and Auditors Board on 21 March 2019). This has resulted in the adoption of accounting treatment in the current year's financial statements, which is at variance from that which would have been applied if the Group had been able to fully comply with IFRS. An independent auditor's report on the financial statements is contained on page 24.

In order for the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal controls. The Board has ultimate responsibility for the system of internal controls and reviews its operation. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the year under review.

The Directors have made an assessment of the ability of the organization to continue as a going concern and have no reason to believe that the business will not be a going concern in the future. Accordingly the financial statements have been prepared on the going concern basis.

The financial statements have been audited by the Company's external auditors, EY, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of Board of Directors and Committees of the Board. The financial statements were prepared under the supervision of the Finance Executive, Mr Lisbon Mhonda (PAAB Registration Number: 0968) The Directors confirm that all representations made to the independent auditors, during the audit were valid and appropriate.

The accompanying annual consolidated financial statements for the year ended 31 December 2018 as presented on pages 28-67, were approved by the Board of Directors on 12 March 2019 and signed on its behalf by:



P. C. Chingoka
Chairman
30 April 2019



R. E. Kuipers
Group Chief Executive Officer
30 April 2019





Independent Auditor's Report



Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P.O. Box 62 or 702
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIFREIGHT AFRICA LIMITED

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of Unifreight Africa Limited (the Group) set out on pages 28 to 67, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Adverse Opinion

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

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Based on International Financial Reporting Standards IAS 21-The Effects of Changes in Foreign Exchange Rates ("IAS 21"), the functional currency of an entity is the currency of the primary economic environment in which the entity operates and reflects the underlying transactions, events and conditions that are relevant to it. In addition, paragraph 2.12 of the Conceptual Framework for Financial Reporting ("the Conceptual Framework") prescribes that for financial information to be useful, it "must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon." In addition, International Financial Reporting Standards IAS 10 - Events after the Reporting Period ("IAS 10") also requires an entity to adjust the amounts recognised in its financial statements to reflect events after the reporting period that provide evidence of conditions that existed at the end of the reporting period.

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Key Audit Matters

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

Other information

The directors are responsible for the other information. Other information comprises the Chairman's Statement, the Directors' Report and the Directors' Responsibility for Financial Reporting which were obtained prior to the date of this report and the Corporate Governance and the CEO's Reports that will be made available to us after that date. Other information does not include financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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



ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

Harare

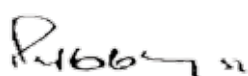
29 April 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

	Note	2018 USD 000	2017 USD 000
ASSETS			
Non-current assets			
Property, vehicles and equipment	6	13,131	12,234
Investment property	7	6,066	6,182
Deferred tax asset	17	117	124
Intangible asset	8	1,500	1,500
		20,814	20,040
Current assets			
Inventories	11	1,570	937
Trade and other receivables	12	3,784	5,513
Cash and cash equivalents	13	677	578
		6,031	7,028
		26,845	27,068
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity			
Share capital	14	1,065	1,065
Share premium	14	2,060	2,060
Non-distributable reserve	14	4,341	5,782
Revaluation reserve	14	1,232	1,232
Equity component of shareholders' loans	16	8,931	8,931
Accumulated loss		(2,169)	(3,860)
		15,460	15,210
Non-current liabilities			
Borrowings	16	1,742	1,800
Other payables	15	-	80
Deferred consideration	16	278	521
Deferred tax liabilities	17	1,440	1,061
		3,460	3,462
Current liabilities			
Trade and other payables	15	3,493	4,308
Income tax payable		57	26
Deferred consideration	16	242	431
Borrowings	16	4,133	3,631
		7,925	8,396
		26,845	27,068
TOTAL EQUITY AND LIABILITIES			

These financial statements were approved by the Board on 12 March 2019 and signed on 30 April 2019 on its behalf by:



P.C. Chingoka
Chairman



R.E. Kuipers
Chief-Executive Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018

	Note	2018 USD 000	2017 USD 000
Continuing operations			
Revenue			
	5a	27,129	22,960
Operating expenses	20	(23,018)	(19,374)
Other operating income	19	621	1,695
Earnings before interest, tax, depreciation and amortisation (EBITDA)			
		4,732	5,281
Finance costs	22	(1,065)	(881)
Depreciation		(2,090)	(2,252)
Profit before taxation from continuing operations			
		1,577	2,148
Income tax expense	23	(441)	(75)
Profit for the year from continuing operations			
		1,136	2,073
Discontinued operations			
Loss for the year from discontinued operations	31	(586)	(603)
Profit for the year			
		550	1,470
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		-	64
Recycling of foreign currency translation reserve		-	(39)
Other comprehensive loss for the year, net of tax			
		-	25
Total comprehensive income for the year, net of tax			
		550	1,495
Earnings per share			
	24		
- Basic, earnings for the year attributable to ordinary equity holders of the parent (cents)		0.52	1.38
- Diluted, earnings for the year attributable to ordinary equity holders of the parent (cents)		0.52	1.38
Earnings per share for continuing operations			
- Basic, earnings for the year attributable to ordinary equity holders of the parent (cents)		1.07	1.95
- Diluted, earnings for the year attributable to ordinary equity holders of the parent (cents)		1.07	1.95

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Share capital USD 000 (note 14)	Share premium USD 000 (note 14)	Non-distributable reserve USD 000 (note 14)	Revaluation reserve USD 000 (note 14)	Foreign currency translation reserve USD 000 (note 14)	Equity portion of shareholders' loans USD 000 (note 16)	Accumulated loss USD 000	Total equity USD 000
Balance as at 1 January 2017	1,065	2,060	5,782	1,232	(25)	8,931	(5,330)	13,715
Profit for the year	-	-	-	-	-	-	1,470	1,470
Other comprehensive income								
Currency translation differences	-	-	-	-	25	-	-	25
Balance as at 31 December 2017	1,065	2,060	5,782	1,232	-	8,931	(3,860)	15,210
Profit for the year	-	-	-	-	-	-	550	550
Dividend paid	-	-	-	-	-	-	(300)	(300)
Recycling of non-distributable reserve	-	-	(1,441)	-	-	-	1,441	-
Balance as at 31 December 2018	1,065	2,060	4,341	1,232	-	8,931	(2,169)	15,460

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2018

		2018	2017
	Note	USD 000	USD 000
Net cash generated from operating activities		3,670	2,335
Cash generated from operations	26	5,080	3,216
Dividend paid		(300)	-
Interest paid		(1,065)	(881)
Taxation paid		(45)	-
Net cash utilised in investing activities		(3,087)	(2,302)
Purchase of property, vehicles and equipment to increase operations		(3,232)	(2,373)
Proceeds from sale of property, vehicles and equipment		145	108
Net cash outflow on disposal of subsidiary	30	-	(37)
Net cash (utilised in)/ generated from financing activities		(857)	325
Proceeds from borrowings		2,214	3,681
Repayments of borrowings		(3,071)	(3,356)
(Decrease)/Increase in cash and cash equivalents		(274)	358
Cash and cash equivalents at beginning of year		(795)	(1,166)
Net foreign exchange differences		(15)	13
Cash and cash equivalents at end of year	13	(1,084)	(795)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 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 principal revenue generating brand turned 70 years in 2016.

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

These Group consolidated financial statements are presented in United States Dollars and were authorised for issue by the Board of Directors on 12 March 2019.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared with the aim of complying with International Financial Reporting Standards (IFRS) and are presented in United States Dollars (US\$) which is the Group's functional currency. While full compliance with IFRS has been possible in the previous periods, compliance therewith for 2018 has not been possible due to non-compliance with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" (IAS21). The IFRS Conceptual Framework requires that in applying fair presentation to financial statements, entities should go beyond the consideration of the legal form of transactions and any other factors that could have an impact on them. IAS 21 requires an entity to apply certain parameters in determining the functional currency of an entity for use in the preparation of its financial statements. This standard also requires an entity to make certain judgements, where applicable, regarding appropriate exchange rates between currencies where exchangeability through a legal and market exchange mechanism is not achievable. In the opinion of the directors, the requirement to comply with Statutory Instrument 33 (SI 33) of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the IFRS Conceptual Framework (see guidance issued by the Public Accountants and Auditors Board on 21 March 2019). This has resulted in the adoption of accounting treatment in the current year's financial statements, which is at variance from that which would have been applied if the Group had been able to fully comply with IFRS.

The consolidated financial statements have been prepared under the historical cost convention and rounded off to the nearest 1 000.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.1.1 Going concern

The Directors assess the ability of the Group to continue operating as a going concern at the end of each financial year. As at 31 December 2018, the Directors have assessed the Group will continue operating as a going concern in the near foreseeable future and believe that the preparation of these financial statements on a going concern basis is therefore still appropriate.

2.1.2 Changes in accounting policies and disclosures

2.1.2 (a) New and amended standards adopted by the Group

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.1.2 Changes in accounting policies and disclosures (continued)

2.1.2 (a) New and amended standards adopted by the Group

IFRS 15: Revenue from Contracts with Customers

The Group adopted IFRS 15 using the full retrospective method of adoption. The change did not have a material impact on profit or loss and other comprehensive income for the period. There was no material impact on the statement of cash flows for the year ended 31 December 2018. There was no impact on the net cash flows from operating activities. The cash flows from investing and financing activities were not affected.

IFRS 9: Financial Instruments

IFRS 9: Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

The effect of adopting IFRS 9 as at 1 January 2018 was, as follows:

		Adjustment 1 Jan 2018
		USD 000
Assets		
Trade receivables	b	52
Total Assets		52
Liabilities		
Deferred tax liabilities	b	13
Total liabilities		13
Equity		
Retained earnings	b	39
Total adjustment on equity		39

The nature of these adjustments are described below:

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the Group's financial assets:

- Trade receivables and other non-current financial assets classified as loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost beginning 1 January 2018.
- Equity investments in non-listed companies classified as AFS financial assets as at 31 December 2017 are classified and measured as Equity instruments designated at fair value through OCI beginning 1 January 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.1.2 Changes in accounting policies and disclosures (continued)

(a) Classification and measurement

The Group elected to classify irrevocably its non-listed equity investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.

- The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

In summary, upon the adoption of IFRS 9, the Group had the following required or elected reclassifications as at 1 January 2018:

IAS39 Measurement Category	IFRS 9 Measurement Category			Fair value through OCI USD 000
	Fair value through Profit or loss USD 000	Amortised cost USD 000	Fair value through OCI USD 000	
Trade and other receivables	5,565	-	5,565	-
Non-listed equity investment	-	-	-	-
	5,565	-	5,565	-

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9 the Group recognised a reduction in impairment on the Group's Trade receivables of USD\$ 52 000 which resulted in an increase in Retained earnings of USD\$ 39 000 as at 1 January 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment Under IAS 39 as at 31 Dec 2017 USD 000	Remeasurement USD 000	ECL under IFRS 9 as at 1 Jan 2018 USD 000
Trade receivables Under IAS 39/ Financial assets at amortised cost under IFRS 9	339	(52)	287

2.1.2 (b) New standards, interpretations and amendments to existing standards that are not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective. The Group expects adoption of these standards, amendments and interpretations.

IFRS 16: Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17: Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15: Operating Leases-Incentives and SIC-27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.1.2 Changes in accounting policies and disclosures (continued)

2.1.2 (b) New standards, interpretations and amendments to existing standards that are not yet effective

IFRS 16 Leases (continued)

sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

The Group plans to adopt IFRS 16 retrospectively to each prior reporting period presented. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment that are considered of low value.

During 2018, the Group performed a detailed impact assessment of IFRS 16. In summary the impact of IFRS 16 adoption is expected to be, as follows:

Impact on the statement of financial position (increase/(decrease)) as at 31 December 2018

	USD 000
Assets	
Property, plant and equipment (right of use assets)	2,769
Liabilities	
Lease liabilities	3,232
Trade payables	(421)
Deferred tax liabilities	(11)
Net impact on equity	(31)

Impact on the statement of profit or loss (increase/(decrease)) as at 31 December 2018

	USD 000
Depreciation expense	1,087
Operating lease expense	(961)
Earnings before interest and tax	(126)
Finance cost	419
Income tax expense	(11)
Profit for the year	(534)

Due to the adoption of IFRS 16, the Group's operating profit will decrease, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under IAS 17.

2.1.2 Changes in accounting policies and disclosures (continued)

2.1.2 (b) New standards, interpretations and amendments to existing standards that are not yet effective

IFRIC Interpretation 23: Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. The Group is still assessing the impact of these amendments on the consolidated financial statements of the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments have no impact on the consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.1.2 Changes in accounting policies and disclosures (continued)

2.1.2 (b) New standards, interpretations and amendments to existing standards that are not yet effective

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Group does not have such long-term interests in associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

- IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

- IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

- IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. These amendments have no impact on the consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.1.2 Changes in accounting policies and disclosures (continued)

2.1.2 (b) New standards, interpretations and amendments to existing standards that are not yet effective

Annual Improvements 2015-2017 Cycle (issued in December 2017)

- IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. These amendments have no impact on the consolidated financial statements of the Group.

2.2 Summary of significant of accounting policies

2.2.1 Consolidation, Business Combinations and Goodwill

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Unifreight Africa Limited and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income and statement of financial position from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between continuing operations of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.2 Summary of significant of accounting policies (continued)

2.2.1 Consolidation, Business Combinations and Goodwill

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

The Zimbabwean government adopted a multi-currency system in 2009 and the USD became the dominant currency, therefore companies in Zimbabwe including the Group adopted USD as the functional and presentation currency. The persistent shortages of foreign currency subsequent to 2009 resulted in numerous monetary policy changes amongst them the introduction of bond notes at an exchange rate of 1:1 with the USD in November 2016, separation of RTGS FCAs and Nostro FCAs in October 2018 and the conversion of RTGS FCAs into a local currency RTGS\$ in February 2019. Therefore the determination of the Groups functional currency in this environment requires significant judgement. Refer to Note 2.1 for details.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Group has taken into consideration SI 33 of 2019 and has determined that the financial statements are presented in United States Dollars, which is the Company's functional and the Group's presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.4 Foreign currency translation (continued)

(a) Functional and presentation currency

Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair gain or loss is recognized in OCI or profit or loss, respectively)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(c) Group companies

The results and financial position of all the Group entities (none of which is a currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing rate at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.5 Property, vehicles and equipment

Vehicles and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, vehicles and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, vehicles and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, vehicles and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The straight line depreciation method periods are applied as follows:

Motor vehicles	3 - 15 years
Equipment, furniture and fittings	3 - 10 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Owner-occupied properties are measured using the revaluation method. When revalued assets are derecognised, the amounts included in revaluation reserves are transferred to retained earnings. When revalued assets change classes but remain within the group, the revaluation reserve will be transferred when the asset is derecognised from the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.5 Property, vehicles and equipment (continued)

An item of property, vehicles and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, vehicles and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both; and that is not occupied by the companies in the Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs include those incurred for the purpose of acquiring, constructing or producing a qualifying asset. After initial recognition, investment property is carried at cost less subsequent depreciation and impairment losses.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit and loss in the period of derecognition.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, vehicles and equipment up to the date of change in use.

Investment property comprises land and buildings. Land is not depreciated. Depreciation on buildings is calculated using the straight-line method over 50 years.

2.7 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.7.1 Financial assets Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

2.7 Financial instruments – initial recognition and subsequent measurement (continued)

2.7.1 Financial assets

Initial recognition and measurement

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset."

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
- The Group's financial assets at amortised cost includes trade receivables.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32: Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.7 Financial instruments – initial recognition and subsequent measurement (continued)

2.7.1 Financial assets

Derecognition

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions
- Trade receivables

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group used year on year inflation and Consumer price index as forward looking factors for the purpose of calculating ECL. The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.7.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

2.7 Financial instruments – initial recognition and subsequent measurement (continued)

2.7.2 Financial liabilities

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans, borrowings and deferred consideration

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans, borrowings and deferred consideration.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.7.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method for Uniforms and Stationery. Cost of spares, fuel, tyres, oils and lubricants is determined using the first in first out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

2.10 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, short-term deposits and bank overdraft, as defined above net of bank overdrafts.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.13 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognised if it arises from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Value Added Tax

Revenue, expenses and assets are recognised net of the amount of value added tax, except:

- a. where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- b. Receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivable or payables in the statement of financial position.

2.14 Employee benefits

(a) Pension obligations

The Group provides for pensions on retirement for all employees by means of a defined contribution pension fund which is administered by a Board of Trustees.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits.

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

2.15 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.15 Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 Leases

Group as a lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income. The Group acquired revenue earning vehicles under finance lease arrangement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term. The Group leases its depots from third parties under operating lease arrangements.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The Group leases properties to third parties under operating lease arrangements.

2.17 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's board of directors.

2.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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2.18 Fair value measurement (continued)

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The executive management determines the policies and procedures for both recurring and non-recurring fair value measurement. The executive management comprises of the Group CEO and heads of the various business units.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the executive management after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The executive management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the executive management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the executive management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The executive management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the management and the Group's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

2.19 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite

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to finite is made on a prospective basis.

2.19 Intangible Assets (continued)

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

2.20 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually as at financial year end, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.21 Discontinued operations and assets and liabilities held for sale

The Group classifies assets and liabilities as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale or distribution is highly probable and the asset or liability is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification. Property, vehicles and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the profit or loss.

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3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group therefore adopts a non-speculative approach in managing risk whilst maximising profits.

Risk management is carried out by the management under policies approved by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenues or expenses are denominated in a different currency), and the groups net investment in subsidiaries. There is no impact on equity.

The following table demonstrates the sensitivity to a reasonable possible change in the US\$ and Rand exchange rate,

	Change in rates	Effect on profit / (Loss) before tax
2018	+10%	-
	-10%	-
2017	+10%	(1,416)
	-10%	1,730

(ii) Interest rate risk

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. There is no impact on equity.

The following table demonstrates the sensitivity to a reasonable possible change in the interest rates;

	Change in rates	Effect on Loss before tax
2018	1%	70,411
	-1%	(70,411)
2017	1%	40,602
	-1%	(40,602)

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Management assess the quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set by the Audit Committee of the Board. The utilisation of credit limits is regularly monitored.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity reserve which comprises undrawn borrowing facility, cash and cash equivalents on the basis of expected cash flow and funds from the major shareholder.

The table below shows the maturity profile of the Group's liabilities based on undiscounted contractual cash flows.

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3 Financial risk management (continued)

3.1 (c) Liquidity risk

At 31 December 2018	Up to 1 month USD 000	2 to 6 months USD 000	6 months to 1 year USD 000	1 to 5 years USD 000	Total USD 000
Liabilities					
Trade and other payables	1,545	983	965	-	3,493
Deferred consideration	25	125	150	300	600
Borrowings	257	2,911	1,287	1,926	6,381
Total liabilities	1,827	4,019	2,402	2,226	10,474
At 31 December 2017					
Liabilities					
Trade and other payables	1,745	1,648	915	80	4,388
Deferred consideration	45	224	269	599	1,137
Borrowings	269	1,890	1,906	2,051	6,116
Total liabilities	2,059	3,762	3,090	2,730	11,641

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. The gearing ratio at 31 December 2018 was 25% (2017 - 24%).

	2018 USD 000	2017 USD 000
Total borrowings	5,875	5,431
Less: cash and cash equivalents	(677)	(578)
Net debt	5,198	4,853
Total equity	15,460	15,210
Total capital	20,658	20,063
Gearing ratio	25%	24%

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(a) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the transport and logistics industry, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(b) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Refer note 17 and note 23 for more information on income taxes.

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(c) Useful lives and values of property, equipment and vehicles

The Group management determines the estimated useful lives and related depreciation charges for its property, equipment and vehicles and intangible assets. This estimate is based on projected lifecycles for these assets. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Refer note 6 for the carrying amount of property, vehicles and equipment and accounting policy note 2.5 for useful lives.

(d) Going concern

The Directors assess the ability of the Group to continue operating as a going concern at the end of each financial year. As at 31 December 2018, the Directors have assessed the Group will continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is therefore still appropriate.

(e) Impairment of intangible assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cashflow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant

future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to intangible assets with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable are disclosed and further explained in note 8.

(f) Functional Currency

Zimbabwe adopted the multi-currency system in February 2009 which resulted in the USD being adopted as the functional currency. The currency shortage which hit the economy in 2016 resulted in the use of plastic money as an alternative to cash. The market forces of demand and supply for cash led to surfacing of an exchange rate between RTGS money and USD hard cash on the parallel market. The rates continued to fluctuate through the years 2017 and 2018 as the foreign currency shortage continued. The bond notes and coins were introduced by Reserve Bank of Zimbabwe (RBZ) in May 2016 as a way to reduce the cash flow shortage. These were being exchanged at rate of one to one with USD. However, they also resulted in surfacing of three exchange rates to the USD which are:

- USD to electronic money (RTGS)
- USD to bond notes and bond coins
- USD to eco cash

The manner in which the USD exchange is to be paid for would determine the rate to be used that is whether RTGS, Eco cash or Cash in the form of bond notes and coins. The commencement of the trading year 2018 in January was a continuation of the conditions that characterised the end of the year 2017 vis-a-vis:

Shortage of foreign currency

The unofficial USD to Electronic money exchange rate

The use of the bond notes and coins as legal tender

These conditions resulted in most of the entity transactions being done either in RTGS or Bond notes and coins during the year 2018 except for exports. Meanwhile, the official rate for USD to bond notes and coins remained at one as to one, meaning all the exports/foreign currency transactions were recorded in the ledger at the same rate. (NB-IAS 21 requires transactions in foreign currency to be recorded at a rate ruling on the day the transactions took place).

In October 2018, RBZ introduced the separation of bank accounts between RTGS balance accounts and foreign currency balance accounts. Foreign currency accounts were denoted by the term "Nostro". The RTGS balances were still exchangeable to the USD balances at a rate of one as to one. The system continued through to the end of the year 2018. However, this signalled a change in policy towards introduction of another currency.

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(f) Functional Currency (continued)

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

5a Revenue from contracts with customers

5a.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Segments	For the year ended 31 December 2018			
	Transport and Courier USD 000	Dedicated and Specialised USD 000	Inter-national Logistics USD 000	Total USD 000
Type of service				
Transport and logistics	23,208	3,673	248	27,129
Geographical Markets				
Zimbabwe	23,208	3,673	248	27,129
Timing of Revenue Recognition				
Services transferred at a point in time	23,208	3,673	248	27,129

Segments	For the year ended 31 December 2017			
	Transport and Courier USD 000	Dedicated and Specialised USD 000	Inter-national Logistics USD 000	Total USD 000
Type of service				
Transport and logistics	19,566	3,203	191	22,960
Geographical Markets				
Zimbabwe	19,566	3,203	191	22,960
Timing of Revenue Recognition				
Services transferred at a point in time	19,566	3,203	191	22,960

5a.2 Contract Balances

	31 December	
	2018 USD 000	2017 USD 000
Trade receivables	2,322	3,987

Trade receivables are non-interest bearing and are generally on terms of 14 to 30 days. In 2018, USD\$275 532 (2017: USD\$338 549) was recognised as provision for expected credit losses on trade receivables.

5a.3 Performance Obligations

Freight Delivery

The performance obligation is satisfied at the time of delivery of freight and payment is generally due within 7 to 30 days from delivery

5b Segment Information

The Group has been restructured and reorganised to show a one-company-one-focus business, providing a transport and logistics solution. All non-Zimbabwean transport and logistics entities are shown as discontinued.

The investment property companies' performance is shown as a separate segment.

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5b Segment Information (continued)

The segment results for the year ended 31 December 2018 are as follows:

	Transport & Logistics solution USD 000	Investment property USD 000	Consolidated USD 000
Total segment revenue	27,129	-	27,129
Total revenue to discontinued operations	-	-	-
Total revenue continuing operations	27,129	-	27,129
Operating costs	(22,908)	(110)	(23,018)
Other income	169	452	621
EBITDA	4,390	342	4,732
Net finance costs	(1,065)	-	(1,065)
Depreciation	(1,972)	(118)	(2,090)
Net profit before income tax	1,353	224	1,577
Income tax charge	(384)	(57)	(441)
Profit for the year from continuing operations	969	167	1,136
Loss for the year from discontinued operations	(586)	-	(586)
Profit for the year	383	167	550

Statement of financial position as at 31 December 2018

Assets

Non-current assets	14,745	6,069	20,814
Current assets	3,654	2,377	6,031
Total assets	18,399	8,446	26,845

Liabilities

Non-current liabilities	2,219	1,241	3,460
Current liabilities	7,833	92	7,925
Total liabilities	10,052	1,333	11,385

The segment results for the year ended 31 December 2017 are as follows:

	Transport & Logistics solution USD 000	Investment property USD 000	Consolidated USD 000
Total segment revenue	24,348	-	24,348
Total revenue to discontinued operations	(1,388)	-	(1,388)
Total revenue continuing operations	22,960	-	22,960
Operating costs	(19,256)	(118)	(19,374)
Other income	1,242	453	1,695
EBITDA	4,946	335	5,281
Net finance costs	(881)	-	(881)
Depreciation	(2,136)	(116)	(2,252)
Net profit before income tax	1,929	219	2,148
Income tax expense	(21)	(54)	(75)
Profit for the year from continuing operations	1,908	165	2,073
Loss for the year from discontinued operations	(603)	-	(603)
Profit for the year	1,305	165	1,470

Statement of financial position as at 31 December 2017

Assets

Non-current assets	13,853	6,187	20,040
Current assets	4,921	2,107	7,028
Total assets	18,774	8,294	27,068

Liabilities

Non-current liabilities	2,244	1,218	3,462
Current liabilities	8,286	110	8,396
Total liabilities	10,530	1,328	11,858

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6 Property, vehicles and equipment

	Motor vehicles USD 000	Equipment, furniture and fittings USD 000	Total USD 000
At 1 January 2017			
Cost	17,739	2,345	20,084
Accumulated depreciation	(6,113)	(1,818)	(7,931)
Net carrying amount	11,626	527	12,153
Year ended 31 December 2017			
Opening net book amount	11,626	527	12,153
Additions	2,486	4	2,490
Disposals	(273)	-	(273)
Depreciation charge	(1,747)	(389)	(2,136)
Closing net carrying amount	12,092	142	12,234
At 1 January 2018			
Cost	19,604	2,349	21,953
Accumulated depreciation	(7,512)	(2,207)	(9,719)
Net carrying amount	12,092	142	12,234
Year ended 31 December 2018			
Opening net book amount	12,092	142	12,234
Additions	3,167	65	3,232
Disposals	(361)	-	(361)
Depreciation charge	(1,899)	(75)	(1,974)
Closing net carrying amount	12,999	132	13,131
At 31 December 2018			
Cost	22,232	2,414	24,646
Accumulated depreciation	(9,233)	(2,282)	(11,515)
Net carrying amount	12,999	132	13,131

The category of motor vehicles includes vehicles leased by the Group under non-cancellable finance lease arrangements with the following carrying amounts: (note 16).

	2018 USD 000	2017 USD 000
Cost	7,598	4,542
Accumulated depreciation	(1,783)	(1,209)
Net carrying amount	5,815	3,333

The lease terms are between 1 and 4 years and ownership of the assets lie within the Group.

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7 Investment Property

	2018 USD 000
Year ended 31 December 2017	
Opening net carrying amount	6,298
Depreciation charge	(116)
Closing net carrying amount	6,182
At 31 December 2017	
Cost	6,912
Accumulated depreciation	(730)
Net carrying amount	6,182
Year ended 31 December 2018	
Opening net carrying amount	6,182
Depreciation charge	(116)
Closing net carrying amount	6,066
At 31 December 2018	
Cost	6,993
Accumulated depreciation	(927)
Net carrying amount	6,066

Group Policy is to reflect these assets at cost and that fair value is required by IFRS for disclosure purposes. Fair value of the investment properties was determined by using the implicit investment approach. This method is based on the principle that rentals and capital values are inter-related, hence given income produced by a property, its capital value can be estimated. At the date of valuation, 31 December 2018, the investment properties' fair values are based on valuations performed by Dawn Property Consultancy (Private) Limited, an accredited independent valuer.

The current use of the investment properties have been evaluated as the highest and best use options for the properties.

Valuation Technique	Significant unobservable data	Range
Market comparable method	Rentals per square metre	\$1.00 - \$3
	Rental yields	11% - 13%

Some Group properties are pledged as collateral for the group's borrowings. Refer to note 16 for the details of the assets pledged as collateral.

	2018 USD 000	2017 USD 000
Rental income derived from investment properties	452	453
Direct operating expenses (including repairs and maintenance) generating rental income	(110)	(118)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(119)	(116)
	223	219

The Group has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy

	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total Fair Value USD 000
Investment property - 31 December 2018	-	-	6,790	6,790
Investment property - 31 December 2017	-	-	6,761	6,761

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(Continued)

	2018 USD 000	2017 USD 000
8 Intangible asset		
Carrying amount at 1 January	1,500	1,500
Carrying amount at 31 December	1,500	1,500

The intangible asset was acquired in a business combination and relates to the intellectual property rights in relation to the SWIFT name.

The intangible asset has been evaluated as having an indefinite useful life as the brand name is very popular in Zimbabwe and is expected to continue as such for the foreseeable future. The Group performed its annual impairment test for its intangible assets with an indefinite useful life and there was no impairment recorded. The Group based the recoverable amount of the cash generating unit on a value in use calculation. The following key assumptions were used in the value in use calculation:

- Discount rate of 5%
- Growth rates used to extrapolate cash flows beyond the forecast period of 3%

9 Presentation of transactions between continuing and discontinuing operations

In year 2017 the Group did not eliminate transactions between continuing and discontinuing operations in order to faithfully reflect the operating results of continuing operations once the discontinued operations have been disposed of. The change in presentation did not have an impact on the total profit for the year 2017. Below is the impact of not eliminating transactions between continuing and discontinuing operations:

Continuing	Without elimination USD 000		After Elimination USD 000		Difference USD 000	
	2018	2017	2018	2017	2018	2017
Revenue	-	22,960	-	22,749	-	211
Operating expenses	-	(19,374)	-	(19,374)	-	-
Profit for the year	-	1,530	-	1,319	-	211
Discontinued	Without elimination USD 000		After Elimination USD 000		Difference USD 000	
	2018	2017	2018	2017	2018	2017
Revenue	-	1,388	-	1,388	-	-
Operating expenses	-	(1,672)	-	(1,461)	-	(211)
Profit for the year	-	(603)	-	(392)	-	(211)

10 Financial instruments by category

	Financial assets at amortised cost	
	2018 USD 000	2017 USD 000
Assets as per statement of financial position		
Trade and other receivables (excluding prepayments)	3,738	5,302
	3,738	5,302
Liabilities as per statement of financial position		
Borrowings	5,875	5,431
Deferred consideration	520	952
Total	6,395	6,383

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	2018 USD 000	2017 USD 000
11 Inventories		
Spares, fuel and stationery	1,617	1,002
Write-down of inventories to net realisable value	(47)	(65)
	1,570	937
Movements in write-down of inventories to net realisable value are as follows		
At 1 January	65	86
Inventory write-offs	(23)	(30)
write-down recognised as an expense	5	9
	47	65

Inventories are written-off when they are either damaged or they have become wholly or partially obsolete. There are no inventories pledged as security for liabilities for the year 2018 and 2017. Inventories with a carrying amount of USD 2 269 719 (2017: USD 1 246 013) were recognised as an expense.

	2018 USD 000	2017 USD 000
12 Trade and other receivables		
Trade receivables	2,598	4,326
Receivables due from related parties (note 28)	719	436
Less: provision for impairment	(276)	(339)
Trade receivables - net	3,041	4,423
Prepayments	196	211
Staff debtors	9	6
VAT receivable	163	21
Loan receivable	-	650
Other debtors	375	202
	3,784	5,513
Trade and other receivables are non-interest bearing and are generally on terms of 30 days. As at 31 December 2018 trade receivables of USD 307 598 (2017: USD 378 178) were past due but not impaired.		
The ageing analysis of these receivables is as follows:		
Up to 3 months	253	337
3 to 6 months	55	41
	308	378

As at 31 December 2018 trade and other receivables of USD 275 532 (2017: USD 338 549) were past due and impaired. As at 31 December 2018 trade and other receivables of USD 1 439 982 (2017: USD 3 609 170) were not yet due. The carrying amounts of the Group's trade and other receivables are denominated in United States Dollars (USD). The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

The Group does not hold any collateral as security.

	2018 USD 000	2017 USD 000
Movements on the provision for impairment of trade receivables are as follows:		
At 1 January	339	507
Write offs	(56)	(159)
Increase / (decrease) for the year	(7)	25
Recovered during the year	-	(34)
At 31 December	276	339

The creation and release of provision for impaired receivables have been included in operational expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	2018 USD 000	2017 USD 000
13 Cash and cash equivalents		
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:		
Cash at banks and on hand	677	578
Bank overdraft (see note 16)	(1,761)	(1,373)
Cash and cash equivalents	(1,084)	(795)

14 Share capital and reserves

Share capital

	Number of shares	Ordinary shares USD 000	Share premium USD 000	Total USD 000
At 31 December 2018	106,474,237	1,065	2,060	3,125
At 31 December 2017	106,474,237	1,065	2,060	3,125

The total number of authorised ordinary shares is 140 000 000 shares.

There are 33 525 763 unissued shares which are under the control of the directors as at reporting date. All issued shares are fully paid.

	Non- distributable Reserve USD 000	Revaluation Reserve USD 000
Reserves		
At 31 December 2017	5,782	1,232
Transfer/recycle to retained earnings	(1,441)	-
At 31 December 2018	4,341	1,232

Non Distributable Reserve

The reserve arose on the conversion of Zimbabwean dollar balances into the functional currency of United States Dollars.

The Group applied a policy that if the underlying asset that caused the reserve is realised then the respective non-distributable reserve is reclassified directly to Retained earnings for possible distribution.

Realisation happens when the related asset from which the reserve emanated is used, when it is sold or when it is both used and sold at its residual value. Realisation through use is indicated by depreciation/amortisation.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising on the translation of the financial statements of foreign subsidiaries.

Revaluation reserve

The revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. The revaluation reserve arose in prior years when the Group was occupying one of its properties. The property is classified under investment properties as it is no longer occupied by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	2018 USD 000	2017 USD 000
15 Trade and other payables		
Non current		
Other payables	-	80
	-	80
Current		
Trade payables	2,201	1,619
Trade payables due to related parties (note 28)	267	705
Accrued expenses	218	529
Social security and other statutory liabilities	807	1,455
	3,493	4,308

Trade and other payables are non-interest bearing and are normally on 30 day terms.

Non-current trade and other payables are non-interest bearing and will be settled within one to five years.

16 Borrowings

16.1 Borrowings classified as equity

Shareholders' loans at beginning of year
Movement

8,931	8,931
-	-
8,931	8,931

16.2 Other Borrowings

Non-current

Finance lease liabilities

1,742	1,800
1,742	1,800

Current

Finance lease liabilities
Bank overdraft (note 13)

2,372	2,258
1,761	1,373
4,133	3,631

Total borrowings

5,875	5,431
--------------	--------------

Shareholders' loans

The loans are from the major shareholders and are denominated in US Dollars. These loans are unsecured, interest free and are not to be repaid or demanded in the near foreseeable future. The shareholder loans were used to fund the capital expenditure requirements of the business. These loans were all reclassified to equity in 2016.

Finance lease liabilities

Lease liabilities relate to finance lease arrangements entered into to procure revenue generating vehicles. The amounts are effectively secured as the rights to the leased asset revert to the lessor in the event of default. The interest rates are between 12-15% per annum and the liabilities will be repaid in full by June 2022. The lease liability is also secured by moveable Group properties with a carrying amount of USD 5.815 million as at 31 December 2018.

Bank overdraft (note 13)

The bank overdraft is secured by a mortgage bond on certain Group properties with a carrying amount of \$3.192 million as at 31 December 2018

The bank overdraft limit is USD 2,000,000 at an annual interest rate of 10.5%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

16 Borrowings (continued)

	2018 USD 000	2017 USD 000
Finance lease liabilities - minimum lease payments		
Later than 1 year and no later than 5 years	1,746	1,935
No later than 1 year	1,874	2,660
Total future minimum lease payments	3,620	4,595
Less amounts representing finance charges	(571)	(537)
Present value of finance lease liabilities	3,049	4,058
Borrowings		
Payable within 6 months	2,869	2,574
Payable within 6 -12 months	1,264	1,057
Payable within 1-5 years	1,742	1,800
Total	5,875	5,431

The carrying amounts of the Group's borrowings are denominated in United States Dollars (USD)

Deferred consideration

In June 2014 the company issued 51,497,587 ordinary shares as consideration for the business of Unifreight Limited. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was USD 0.05 each. The fair value of the consideration given is therefore USD 2,574,879.

In addition, as part of the consideration there will be additional cash payments to Unifreight Limited of USD 25,000 per month for a five (5) year period for the intellectual property rights relating to the use of the name SWIFT in perpetuity and USD 19,750 per month for a three (3) year period for the information operating systems and technology relating thereto starting in 2014. In 2014 Unifreight Limited agreed to the re-payments now only starting in 2016.

As at the acquisition date, the fair value of the consideration liability was estimated to be USD 1,652,288. The fair value at initial recognition was determined using discounted cash flow method using the rate of 14%. This is classified as a financial liability at amortised cost.

Reconciliation of deferred consideration

	2018 USD 000	2017 USD 000
At 1 January	952	1,326
Payments	(532)	(537)
Remeasurement of consideration liability	100	163
At 31 December	520	952
Disclosed as:		
Non current	278	521
Current	242	431
	520	952

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	2018 USD 000	2017 USD 000
17 Deferred tax		
The gross movement on the deferred tax is as follows :		
At beginning of year	937	894
Movement in temporary differences current year (Note 23)	100	391
Tax loss utilised	286	(975)
Previously recognised tax losses amended on re-assessment	-	627
At end of year	1,323	937
Disclosed as:		
Deferred tax asset	(117)	(124)
Deferred tax liability	1,440	1,061
Net	1,323	937
Deferred tax relates to the following:		
Property, vehicles and equipment	1,115	953
Investment property	1,125	1,118
Other temporary differences	(113)	(44)
Assessed loss	(804)	(1,090)
	1,323	937

The deferred tax asset has been recognised to the extent that the group is confident that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits may be utilised.

18 Retirement benefits

18.1 Defined contribution fund

The Group operates a defined contribution plan pension scheme. A Board of Trustees administers the fund. All full time and permanent employees are eligible for membership. The plan is funded by contributions by the companies in the Group and eligible employees. The company does not carry any risk associated with the pension fund. All risk is carried by the members and the company's liability is limited to the company's contribution to the fund.

18.2 National Social Security Authority

The Group and all its employees based in Zimbabwe contribute to the National Social Security Scheme promulgated under the National Social Security Act of 1989. The Group's obligation is limited to specific contributions as legislated from time to time.

Contributions to the above funds made during the current year are disclosed in note 21.

	2018 USD 000	2017 USD 000
19 Other operating income		
Scrap metal disposal proceeds	31	-
Houseboat hire	5	7
Fuel sales	13	173
Discounts received	-	9
Vehicle cleaning- Washbay	35	-
Commissions received from salary administration	-	5
Profit on disposal of property, vehicles and equipment	12	11
Other income	13	4
Bad debts recovered	-	34
Write off of prescribed creditors	-	952
Investment property income	452	444
Sub letting of depots	7	-
Trailer hire	39	41
RBZ Export incentives	14	15
	621	1,695

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	2018	2017
	USD 000	USD 000
20 Operating expenses		
Human resource expenses (note 21)	10,411	8,464
Directors' fees	135	153
Vehicle operating expenses	1,179	1,994
Inventory recognised as an expense	2,269	1,246
Fuel used	3,404	2,954
Lease payments	970	883
Depot/site operating expenses	1,460	1,285
IT and communication expenses	483	307
Forwarding and agent expenses	1,319	793
Freight movement expenses	645	512
Advertising and marketing expenses	166	153
Bad debts provided for	(7)	25
Printing and stationary	304	144
Audit fees	68	69
Write off of non existent assets	-	313
Loss on disposal of property, vehicles and equipment	18	-
Bank charges	170	46
Legal fees	24	33
	23,018	19,374
21 Employee benefits expense		
Wages and salaries (including all directors' fees and emoluments)	9,987	8,065
Retrenchment and/or termination costs	-	10
Pension contributions - Defined contribution plan	101	97
Social security contributions	323	292
	10,411	8,464
Average number of people employed	804	761
22 Finance cost		
Interest expense		
- bank borrowings	362	353
- remeasurement of consideration liability	100	162
- finance leases	603	366
	1,065	881

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	2018 USD 000	2017 USD 000
23 Income tax		
Major components of income tax are:		
Normal income tax:		
- Current income tax	55	32
Deferred tax:		
- Movement in temporary differences (note 17)	100	391
- Reversal of previously recognised tax loss	-	627
- Tax loss utilised	286	(975)
	441	75

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the consolidation entities as follows :

Profit before tax from continuing operations	1,577	2,148
Loss before tax from discontinued operations	(586)	(603)
	991	1,545

Tax calculated at 25.75%

Utilisation of previously unrecognised tax losses

Non-taxable income

- Other non taxable income - Write-off of prescribed creditors

Expenses not deductible for tax purposes

- Loss on disposal of subsidiary

- Other non-deductible expenses

Tax expense

Continuing operations

Discontinued operations

	1,577	2,148
	(586)	(603)
	255	398
	-	(231)
	-	(245)
	-	72
	186	81
	441	75
	441	75
	-	-
	441	75

The group has estimated tax losses of USD 3 153 692 (2016: USD 4 410 157) that are available for offsetting against future taxable profits of the companies in which the losses arose. These are available for 6 years and the group expects to utilise them before they expire. There are no unrecognised tax losses for the group.

24 Earnings per share

Basic

Basic earnings per share are calculated by dividing the profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. In 2018 the company had no category of dilutive potential ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Earnings/ (loss) attributable to ordinary equity holders of the parent:

Continuing operations	1,136	2,073
Discontinued operations	(586)	(603)
Earnings attributable to ordinary equity holders of the parent for basic earnings	550	1,470

There has been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

There are no instruments that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	2018 USD 000	2017 USD 000
24 Earnings per share (continued)		
To calculate the EPS for discontinued operations (note 31), the weighted average number of ordinary shares for both the basic and diluted EPS is as per above. The following provides the profit/(loss) amount used: Loss attributable to ordinary equity holders of the parent from discontinued operations for the basic and diluted EPS calculations	(586)	(603)
Weighted average number of ordinary shares for basic and diluted EPS 2018, 106,474,237 (2017: 106,474,237)		
25 Dividends		
The Group paid a final dividend of 0.2818 cents per share for the year 2017. The directors proposed a final dividend of 0.3757 cents per share for the year 2018.	-	300
26 Cash generated from operations		
Profit before tax from continuing operations	1,577	2,148
Loss before tax from discontinued operations	(586)	(603)
Adjusted for :		
- Loss on sale of subsidiary	586	281
- Depreciation	2,090	2,252
- (Profit)/ Loss on disposal of property, vehicles and equipment	6	(11)
- Net finance cost	959	718
- Remeasurement of deferred consideration liability (note 16)	100	163
- Increase in provision for doubtful debts expensed	(6)	25
- Inventory write off	5	9
Changes in working capital:		
- Inventories	(628)	(720)
- Trade and other receivables	1,792	3,095
- Trade and other payables	(815)	(4,141)
Cash generated from operations	5,080	3,216
27 Commitments and contingent liabilities		
There are no capital commitments approved for 2018 and 2019.		
The Group is a defendant in various labour disputes with former employees. The cases are at various stages. The total being claimed in all these cases is USD 895,800. The cases have been assessed and the probability of an outflow is minimal.		
28 Related-party transactions		
H.B.W. Rudland who is a shareholder of the Company is also one of the majority shareholders and/or director of the companies indicated below with whom the Group has significant contracts and common shareholding with the Group.		
The following transactions were carried out with related parties:		
(i) Purchase of goods and services from entities with common shareholding:		
- Purchase of spares/services from Scanlink (Private) Limited	586	2,964
- Rental charges by Unifreight (Private) Limited	662	621
	1,248	3,585
Goods and services are purchased based on the price list in force and terms that would be available to third parties on an arms-length basis		
(ii) Year end balance arising from purchases of goods and services		
Payables to related parties		
- Scanlink (Private) Limited	109	509
- Unifreight (Private) Limited	158	196
	267	705

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

28 Related-party transactions (continued)

	2018 USD 000	2017 USD 000
(iii) Year end balance arising from sales of goods and services		
Receivables due from related parties		
- Scanlink (Private) Limited	17	-
- Unifreight Tyre Services (Private) Limited	436	436
- Pioneer Development Company (Private) Limited	210	-
- Umfurudzi (Private) Limited	56	-
	719	436
(iv) Sales to related parties		
Pioneer Coaches (Private) Limited	-	211
(v) Directors' shareholdings		
R.E. Kuipers directly has a joint-shareholding of 3,391,041 shares.		
P.C Chingoka directly has a shareholding of 74 shares.		
All other Directors have no shareholdings either directly or indirectly.		
(vi) Key management compensation		
Salaries and other short term employee benefits	1,358	1,215
	1,358	1,215

29 Investments in subsidiaries

Operating Companies

	Business
Pioneer Clan (Botswana) (Proprietary) Limited (100%) (2017 - 100%)	Cross border freight haulage and logistics
Clan Transport Company (Private) Limited (100%) (2017 - 100%)	Road freight within Zimbabwe
Trek Transport (Private) Limited t/a Skynet Worldwide Express (100%) (2017 - 100%)	Courier services
Clan Properties (Private) Limited (100%) (2017 - 100%)	Property-owning
Kirkman & Kukard (Private) Limited (100%) (2017 - 100%)	Property-owning
Birmingham Road Property (Private) Limited (100%) (2017 - 100%)	Property-owning
Clan Services (Private) Limited (100%) (2017 - 100%)	Investment owning
Pioneer Clan Holdings (Botswana) (Proprietary) Limited (100%) (2017 - 100%)	Investment owning

30 Changes in group structure

31 December 2017

Disposal of subsidiary

On 4 December 2014 the board of directors resolved to dispose of its wholly-owned subsidiaries Pioneer Coaches (Private) Limited and Mavambo Coaches (Proprietary) Limited, registered in South Africa, at par value. This decision was pursuant to a proposal to restructure the group's operations and focus its efforts solely on the Swift and Bulwark operations. The disposal to an unrelated third party was effective as at 30 June 2017. The fair value of the assets and liabilities previously disclosed as a discontinued operation were as follows:

Pioneer Coaches (Private) Limited and Mavambo Coaches (Proprietary) Limited

	2017 June USD 000
Assets	2,532
Liabilities	(2,212)
Net Assets	320
Foreign currency translation reserve	(39)
Consideration received	-
Loss on disposal of subsidiary	(281)
Net cash outflow	(37)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

31 Discontinued operations 31 December 2018

The group incurred contractual post disposal expenses directly related to the disposal of Pioneer Coaches (Private) Limited and Mavambo Coaches (Proprietary) Limited as at 30 June 2017. These expenses resulted in adjustments in the current period to amounts previously presented in discontinued operations. The nature and amount of these adjustments are as follows:

	2018
	USD 000
Indemnification of purchaser for contractual post disposal expenses	116
Provision for post disposal indemnification of purchaser	470
	586

During the year, the purchase price was renegotiated resulting in the above adjustments.

31 December 2017

At 31 December 2016 Mavambo Coaches (Proprietary) Ltd and Pioneer Coaches (Private) Limited were classified as assets/liabilities held for sale and as discontinued operations.

The results of Pioneer Coaches (Private) Limited and Mavambo Coaches for the year are presented below:

	2018	2017
	USD 000	USD 000
Revenue	-	1,388
Operating expenses	-	(1,710)
EBITDA	-	(322)
Loss on disposal of subsidiary	(586)	(281)
Loss before tax from discontinued operations	(586)	(603)
Tax charge	-	-
Loss for the year from discontinued operations	(586)	(603)

The major classes of assets and liabilities of Pioneer Clan (Botswana) (Pty) Ltd and Pioneer Coaches classified as held for sale as at 31 December are as follows:

	2018	2017
	USD 000	USD 000
Assets		
Property, vehicles and equipment	-	-
Inventories	-	-
Trade and other receivables	-	-
Cash and bank balances	-	-
Assets held for sale	-	-
Liabilities		
Trade and other payables	-	-
Borrowings	-	-
Liabilities directly associated with assets held for sale	-	-
Net liabilities directly associated with sale	-	-
The net cash flows incurred by discontinued operations are, as follows:		
Operating	-	(87)
Investing	-	-
Financing	-	-
Net cash (outflow)/ inflow	-	(87)
Earnings per share:		
Basic loss for the year from discontinued operations	(0.55)	(0.57)
Diluted loss for the year from discontinued operations	(0.55)	(0.57)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

32 Events after the reporting period

Government Gazette Extraordinary late on 22nd February 2019 gazzetted SI 2019-033 - Presidential Powers (Temporary Measures) (Amendment of Reserve Bank of Zimbabwe Act & Issue of Real Time Gross Settlement Electronic Dollars (United States Dollars)) Regulations, 2019 Implementing Monetary Policy Statement of 20 February 2019, making that the commencement date of this statutory instrument.

This statutory instrument introduced an electronic currency called the RTGS Dollar which will be legal tender in Zimbabwe. Real Time Gross Settlement system balances expressed in the United States dollars before the effective date, from the effective date were deemed to be opening balances in United States dollars at par with the United States dollar. The board of directors assessed this to be a non-adjusting post balance sheet event. The following is a sensitivity analysis of the Group's consolidated statement of financial position to movements in the exchange rates as at 31 December 2018:

Assumptions to the sensitivity analysis

- All non-monetary assets of the group are to be converted at 1:1 from USD dollars to RTGS dollars thus they are to be presented as such post conversion.
- All monetary assets and liabilities of the group are to be converted at 1:1 from USD dollar to RTGS dollars except for those that will be settled and are denominated in foreign currency
- The equity of the company will be converted at 1:1 from USD dollars to RTGS dollars.
- The balancing amount post conversion will be transferred to Non distributable reserve.

Element Components of reported amounts

Sensitivity Analysis

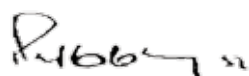
	Non-Monetary Assets/ Liabilities		Non-Monetary Assets/ Liabilities		Total USD @1.1 000	Total USD @1.2.5 000	Total USD @1.3.5 000	Total USD @1.4.5 000
	Assets/ Liabilities Nostro	FCA	Assets/ Liabilities Nostro	FCA				
	USD	Dollar	USD	Dollar				
	000	000	000	000				
ASSETS								
Non current assets	-	-	-	20,814	20,814	20,814	20,814	20,814
Property, vehicles and equipment	-	-	-	13,131	13,131	13,131	13,131	13,131
Investment property	-	-	-	6,066	6,066	6,066	6,066	6,066
Deferred tax asset	-	-	-	117	117	117	117	117
Intangible assets	-	-	-	1,500	1,500	1,500	1,500	1,500
Current assets	61	4,400	-	1,570	6,031	6,123	6,184	6,245
Inventories	-	-	-	1,570	1,570	1,570	1,570	1,570
Trade and other receivables	20	3,764	-	-	3,784	3,814	3,834	3,854
Cash and bank balances	41	636	-	-	677	739	780	821
TOTAL ASSETS	61	4,400	-	22,384	26,845	26,937	26,998	27,059
EQUITY AND LIABILITIES								
Equity	-	-	-	15,460	15,460	15,539	15,593	15,648
Share capital	-	-	-	1,065	1,065	1,065	1,065	1,065
Share premium	-	-	-	2,060	2,060	2,060	2,060	2,060
Non distributable reserve	-	-	-	4,341	4,341	4,421	4,475	4,529
Revaluation reserve	-	-	-	1,232	1,232	1,232	1,232	1,232
Equity component of shareholders loans	-	-	-	8,931	8,931	8,931	8,931	8,931
Accumulated loss	-	-	-	(2,169)	(2,169)	(2,169)	(2,169)	(2,169)
Non current liabilities	-	2,020	-	1,440	3,460	3,460	3,460	3,460
Borrowings	-	1,742	-	-	1,742	1,742	1,742	1,742
Deferred consideration	-	278	-	-	278	278	278	278
Deferred income tax liabilities	-	-	-	1,440	1,440	1,440	1,440	1,440
Current liabilities	7	7,919	-	-	7,925	7,938	7,945	7,951
Trade and other payables	7	3,486	-	-	3,493	3,506	3,513	3,519
Income tax payable	-	57	-	-	57	57	57	57
Deferred consideration	-	242	-	-	242	242	242	242
Borrowings	-	4,133	-	-	4,133	4,133	4,133	4,133
TOTAL EQUITY AND LIABILITIES	7	9,939	-	16,900	26,845	26,937	26,998	27,059

Supplementary Information

COMPANY STATEMENT OF FINANCIAL POSITION

	2018 USD 000	2017 USD 000
ASSETS		
Non current assets	14,808	14,036
Property, vehicles and equipment	12,965	12,215
Deferred tax asset	343	321
Intangible assets	1,500	1,500
Current assets	6,408	7,107
Inventories	1,566	935
Trade and other receivables	3,307	4,253
Amounts owing by subsidiary companies	882	1,359
Cash and cash equivalents	653	560
TOTAL ASSETS	21,216	21,143
EQUITY AND LIABILITIES		
Equity	11,871	10,585
Share capital	1,065	1,065
Share premium	2,060	2,060
Non distributable reserve	(847)	(847)
Equity component of shareholders' loans	8,931	8,931
Accumulated loss	662	(624)
Non current liabilities	2,020	2,401
Borrowings	1,742	1,800
Trade and other payables	-	80
Deferred consideration	278	521
Current liabilities	7,325	8,157
Trade and other payables	3,029	3,632
Deferred consideration	242	431
Amounts owing to subsidiary companies	502	489
Borrowings	3,552	3,605
TOTAL EQUITY AND LIABILITIES	21,216	21,143

These financial statements were approved by the Board on 12 March 2019 and signed on 30 April 2019 on it's behalf by:



P.C. Chingoka
Chairman



R.E. Kuipers
Chief-Executive Officer

Shareholders' Analysis and Calendar

	2018				2017			
	No. of Shareholders	%	No. of Issued Shares	%	No. of Shareholders	%	No. of Issued Shares	%
SIZE OF HOLDING								
1-1000	558	58.31%	201,828	0.19%	558	58.31%	201,828	0.19%
1001-5000	237	24.76%	525,690	0.49%	237	24.76%	525,690	0.49%
5001-10000	63	6.58%	465,624	0.44%	63	6.58%	465,624	0.44%
10001-50000	61	6.37%	1,228,266	1.15%	61	6.37%	1,228,266	1.15%
50001-500000	24	2.51%	3,822,207	3.59%	24	2.51%	3,822,207	3.59%
500001 and over	14	1.46%	100,230,622	94.14%	14	1.46%	100,230,622	94.14%
	957	100.00%	106,474,237	100.00%	957	100.00%	106,474,237	100.00%

SHAREHOLDERS BY TYPE

Banks and Nominees	26	2.72%	3,626,768	3.41%	26	2.72%	3,626,768	3.41%
Insurance Companies	2	0.21%	1,210	0.00%	2	0.21%	1,210	0.00%
Other Corporates	153	15.99%	93,230,092	87.56%	153	15.99%	93,230,092	87.56%
Pension Funds	1	0.10%	5,000	0.00%	1	0.10%	5,000	0.00%
Resident Individuals	741	77.43%	7,839,238	7.36%	741	77.43%	7,839,238	7.36%
Non Resident Shareholders	27	2.82%	1,759,544	1.65%	27	2.82%	1,759,544	1.65%
Deceased Estates	7	0.73%	12,385	0.01%	7	0.73%	12,385	0.01%
	957	100.00%	106,474,237	100.00%	957	100.00%	106,474,237	100.00%

TOP SHAREHOLDERS

Unifreight Limited	51,497,587	48.37%	Unifreight Limited	51,497,587	48.37%
Drop Hill Investments P/L	10,586,714	9.94%	Drop Hill Investments P/L	10,586,714	9.94%
High Wind Investments P/L	9,125,366	8.57%	High Wind Investments P/L	9,125,366	8.57%
Earnbridge Investments P/L	7,161,452	6.73%	Earnbridge Investments P/L	7,161,452	6.73%
Holdsworth Holdings P/L	4,069,131	3.82%	Holdsworth Holdings P/L	4,069,131	3.82%
Robert Kuipers + Shane Beamish	3,391,041	3.18%	Robert Kuipers + Shane Beamish	3,391,041	3.18%
Ramsway P/L	3,388,897	3.18%	Ramsway P/L	3,388,897	3.18%
Stanbic Nominees P/L	3,271,865	3.07%	Stanbic Nominees P/L	3,271,865	3.07%
Heathier-way Investments P/L	3,200,000	3.01%	Heathier-way Investments P/L	3,200,000	3.01%
Other	10,782,184	10.13%	Other	10,782,184	10.13%
	106,474,237	100.00%		106,474,237	100.00%

SHAREHOLDERS' CALENDAR

Financial Year ended 31 December 2018:

Annual report published 6 June 2019
 Abbreviated results press publication 30 April 2019

48th Annual General Meeting 27 June 2019

Financial Year ended 31 December 2019:

Interim results 30 September 2019



(A public company incorporated in the Republic of Zimbabwe under company registration number 304/1970)
(“Unifreight Africa Limited” or “the Company”)

Proxy Form

For use by the Company’s shareholders at the Annual General Meeting of shareholders to be held in the Boardroom of the Harare Royal Golf Club, 5th Street Extension/ Josiah Tongogara Avenue Harare on 27th June 2019 at 10.00am

Each member entitled to attend and vote at the AGM is entitled to appoint one person as his/her proxy, who need not be a member of the Company, to attend, speak and vote in his/her stead at the AGM.

I/We _____
(Name in block letters)

Of _____

Being the holder of _____ shares in the Company
hereby appoint

1. _____ of _____ or failing him/her

2. _____ of _____ or failing him/her

3. the Chairman of the AGM

As my/our proxy to act for me/us at the AGM for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name in accordance with the following instructions:

INSTRUCTIONS FOR SIGNING AND LODGING THIS PROXY FORM

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of the AGM", but any such deletion must be initialled by the shareholder. The person whose name appears first on the form of proxy will, unless his/her name has been deleted, be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space/s provided as well as by means of a cross whether the shareholder wishes to vote, for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable threat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, or cast them in the same way.
3. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatory/ies.
4. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:
 - i. under a power of attorney
 - ii. on behalf of a companyunless that person's power of attorney or authority is deposited at the offices of the Company's transfer secretaries, or the registered office of the Company, not less than 48 hours before the meeting.
5. If two or more proxies attend the meeting then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted, shall be regarded as the validly appointed proxy.
6. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.
7. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
8. In order to be effective, completed proxy forms must reach the Company's transfer secretaries or the registered office of the Company not less than 48 hours before the time appointed for the holding of the AGM.
9. Please ensure that name(s) of the member(s) on the form of proxy and the voting form are exactly the same as those on the share register.
10. Please be advised that the number of votes a member is entitled to be determined by the number of shares recorded on the share register 48 hours before the time appointed for the holding of the meeting.



Wherever it needs to go, we get it across the globe

With presence in more than 209 countries around the world, including Swift's partner service in Zimbabwe, SkyNet

Worldwide Express lets you ship your parcels internationally fast at great prices!

- Courier service
- Air & sea freight

SKY NET
WORLDWIDE EXPRESS



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