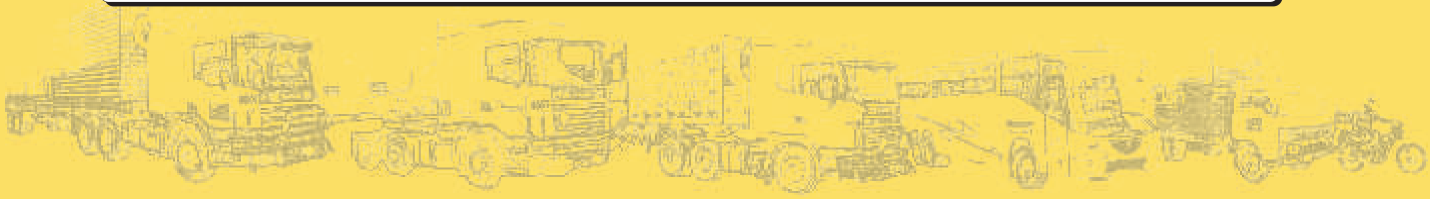
Pioneer Corporation Africa

Total Transport Solutions

Audited results for the year ended December 2005



Financial Highlights

		INFLATION ADJUSTED		HISTORICAL COST	
		2005	**2004**	**2005**	**2004**
Turnover	$Bn	1,111.0	1,301.6	464.9	135.5
Operating Profit	$Bn	27.8	63.6	30.4	15.8
Finance Income/(charge)	$Bn	26.6	(213.8)	11.2	(22.3)
Net Income/(Loss)	$Bn	63.7	(18.5)	38.8	(4.2)
Basic EPS/ (L)	$	120.49	(35.53)	73.33	(8.07)
Net Asset Value/share	$	2090	2078	160	88

Chairman's Statement

Overview

Pioneer Corporation Africa saw a profitable year following an improved second half.

An offshore line of credit for US$ 6 million was obtained to finance acquisition of assets. Internal resources were committed to clearing productive sector finance debt, a retrenchment exercise and improving the fleet in a tight margin environment.

In the second half of the year, the exchange rate assisted revenues for the cross-border freight business.

Financial Overview

Profit and Loss Account

The reduction in inflation adjusted turnover was due to regulated pricing in the passenger business, and a lower exchange rate in the first half. Revenues recovered to match inflation in the second half. However, input costs grew at faster rates, reflecting the growth particularly in fuel and spare parts costs. Fuel alone accounted for 33% of revenues, up from the historical 15%. Also, the asset maintenance/refurbishment programme cost some $30 billion whilst the voluntary retrenchments cost $20 billion.

Gross margins reduced from 41% to 28% as a result of the above factors, and changes in margin mix. However, management feel that the investments made in the fleet and lower staff costs will assist margins in the longer term.

Depreciation charges in historical cost terms were zero due to residual asset values being greater than carrying amounts in terms of IAS 16 (revised).

Net Finance charges were positive $26.6 billion (historical - $11.1 billion) due to significant exchange gains on foreign debtors.

Cash Flow

The group generated $76 billion (historical - $25 billion) cash from operations, but this was utilised by increased working capital, and capital expenditure of $254 billion (historical - $252 billion), financed by net borrowings of $229 billion.

Balance Sheet

The strengthened position is reflected in the higher asset base, the improved current asset/ current liability position and the real increase in fleet assets.

The foreign debt will be serviced through foreign revenue streams, thereby hedging the group from exchange losses.

Divisional Performance

Passenger

This division continued to operate safely and profitably, whilst constrained by fixed pricing on the local routes. The introduction of City to City has proved very successful together with a new computerized land based ticketing system being implemented. The new customer focus and significant opportunity in the prepaid market, including both local and cross border coaches, should see strong returns in the future.

Trucking and Logistics-(Pioneer Transport)

Trucking has seen a serious erosion of margins in the first half, particularly as a result of the fixed auction rate and delays at the border. Falling local volumes and intense local competition for transport contracts has also affected margins. Revenues in this division fell well below the inflation rate. However, in the 4th quarter with devaluing currencies, increase in assets and better turnarounds, the division finished well. The stalling exchange rate will have negative implications in this division in 2006. The subcontracting arm - Pioneer Africa Link - achieved growth and profitability in 2005.

Consolidation (Clan)

The division suffered from falling volumes in the last quarter but generated strong operating profits through tight controls. The division embarked on a voluntary retrenchment program which has enabled it to successfully restructure operations. The focus on cash products has seen the cash flows improve. The Navision accounting system is in place, with a new operational IT package going live in June 2006. Clan will lead the consolidation industry, while at the same time fine tuning the new IT system to enhance customer service.

Cross City Courier

The division continued to grow and contribute profits to the group.

Associated Companies

The tyre division contined to generate profits. There is an opportunity to acquire majority stakes in the international courier division.

Outlook

The cautionary announcements relate to offshore acquisitions and management are confident that regulatory processes will be completed in due course.

The group is geared up for growth and further profits after asset acquisitions, a regional expansion drive and growth in the key passenger sector.

Therefore, the group has moved into a new regional and local enlargement phase and is looking forward to strong growth going forward.

Directorate

The Board wishes to welcome Mrs. Roseline Nhamo who joined the Board in January 2006.

Dividend

As stated in previous communications, the Board does not intend to pay a dividend at this time, in line with the strategy of growth and debt reduction. This policy will be reviewed in the second half of 2006.

Appreciation

I would like to take his opportunity to thank my fellow Board members, our executive directors, management and staff who have achieved commendable results within an extremely challenging operating environment.

P.C. Chingoka
26th April 2006

Consolidated Income Statement

for the year ended 31 December 2005

	INFLATION ADJUSTED		HISTORICAL COST	
	2005 December $Mill	**2004 December $Mill Restated**	**2005 December $Mill**	**2004 December $Mill**
Revenue	**1,111,049**	**1,301,626**	**464,936**	**135,455**
Cost of sales	802,424	772,620	335,787	77,668
Gross profit	**308,625**	**529,006**	**129,149**	**57,787**
Other operating income/(loss)	47,668	(7,209)	19,947	(750)
	356,293	**521,797**	**149,096**	**57,037**
Distribution expenses	11,330	14,100	4,741	1,467
Administration expenses	94,872	131,479	39,700	13,682
Other operating expenses	177,520	158,534	74,286	16,500
Depreciation	44,779	154,122	-	9,617
Profit from operations	**27,792**	**63,562**	**30,369**	**15,771**
Net financing income/(cost)	26,648	(213,808)	11,151	(22,250)
Income from associates	7,294	17,336	7,294	1,804
Net monetary (loss)/gain	(27,686)	113,607	-	-
Profit/(loss) before taxation	34,048	(19,303)	48,814	(4,675)
Taxation	29,676	761	(10,034)	464
Profit/(loss) after taxation	**63,724**	**(18,542)**	**38,780**	**(4,211)**
Basic earnings/(loss) per share ($)	**120.49**	**(35.53)**	**73.33**	**(8.07)**

Statement of changes in equity

for the year ended 31 December 2005

INFLATION ADJUSTED

	Share Capital $Mill	**Share Premium $Mill**	**Capital Reserves $Mill**	**Retained Earnings $Mill**	**Total $Mill**
Balance as at 31 December 2003	**232,219**	**458,718**	**185**	**385,816**	**1,076,938**
Issue of shares	262	25,893	-	-	26,155
Net loss for the period				(18,542)	(18,542)
Balance as at 31 December 2004	**232,481**	**484,611**	**185**	**367,274**	**1,084,551**
Prior year adjustment				(43,241)	(43,241)
Issue of shares	2	138	-	-	140
Net profit for the period	-	-	-	63,724	63,724
Balance as at 31 December 2005	**232,483**	**484,749**	**185**	**387,757**	**1,105,174**

HISTORICAL COST

	Share Capital $Mill	**Share Premium $Mill**	**Capital Reserves $Mill**	**Retained Earnings $Mill**	**Total $Mill**
Balance as at 31 December 2003	**103**	**7,424**	**36,296**	**3,774**	**47,597**
Issue of shares	27	2,695	-	-	2,722
Deferred capital gains tax realised and revaluation reserve on disposals	-	-	(1,186)	1,186	-
Net loss for the period	-	-	-	(4,211)	(4,211)
Balance as at 31 December 2004	**130**	**10,119**	**35,110**	**749**	**46,108**
Issue of shares	2	138	-	-	140
Transfer of capital reserves on opening balances	-	-	(1,117)	1,061	(56)
Net profit for the period	-	-	-	38,780	38,780
Balance as at 31 December 2005	**132**	**10,257**	**33,993**	**40,590**	**84,972**

Consolidated Balance Sheets

as at 31 December 2005

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-05 $Mill	**Dec-04 $Mill Restated**	**Dec-05 $Mill**	**Dec-04 $Mill**
ASSETS				
Non current assets	1,777,149	1,476,210	524,397	76,359
Property plant & equipment	1,155,127	1,039,572	313,205	64,870
Goodwill	384,368	384,368	6,221	6,221
Other loans	194,763	16,763	194,763	2,444
Investments	42,891	35,507	10,208	2,824
Current assets	251,664	231,491	243,749	33,484
Inventories	33,151	17,327	24,966	2,257
Other loans	64,921	-	64,921	-
Receivables	140,060	213,733	140,060	31,164
Cash & cash equivalents	13,532	431	13,532	63
TOTAL ASSETS	2,028,813	1,707,701	767,876	109,843
EQUITY & LIABILITIES				
Capital & reserves				
Issued capital	232,483	232,481	132	130
Share premium	484,749	484,611	10,257	10,119
Capital reserves	185	185	33,993	35,110
Revenue reserves	387,757	367,274	40,590	749
Total capital & reserves	1,105,174	1,084,551	84,972	46,108
Non current liabilities	659,041	298,033	418,306	16,580
Interest bearing loans/borrowings	390,684	-	390,684	-
Deferred tax liabilities	268,357	298,033	27,622	16,580
Current liabilities				
Payables	95,090	75,670	95,090	10,784
Taxation	480	3,338	480	487
Other provisions	23,096	12,626	23,096	1,841
Interest bearing loans/borrowings	126,881	217,994	126,881	31,785
Bank overdrafts & acceptances	19,051	15,489	19,051	2,258
Total current liabilities	264,598	325,117	264,598	47,155
TOTAL EQUITY & LIABILITIES	2,028,813	1,707,701	767,876	109,843

Consolidated Cashflow Statement

for the year ended 31 December 2005

	INFLATION ADJUSTED		HISTORICAL COST	
	2005 December $Mill	**2004 December $Mill Restated**	**2005 December $Mill**	**2004 December $Mill**
Cash generated from operating activities				
Cash generated from operating activities	76,085	358,577	24,534	27,240
Decrease / (increase) in working capital	87,741	50,568	(26,043)	(11,456)
Cash generated from operating activities	**163,826**	**409,145**	**(1,509)**	**15,784**
Net finance income / (paid)	26,648	(213,808)	11,151	(22,250)
Taxation paid	-	(5,964)	-	(226)
Cash flow/(utilised) in operations	**190,474**	**189,373**	**9,642**	**(6,692)**
Investing activities				
Proceeds on disposal of assets	15,946	645	10,008	50
Investment in shares	(90)	-	(90)	-
Replacement of assets	(253,581)	(32,046)	(251,565)	(3,926)
Net cash flow before financing activities	**(47,251)**	**157,972**	**(232,005)**	**(10,568)**
Net cash flow from financing activities	56,790	(77,815)	228,681	14,337
Net cash generated/(utilised)	**9,539**	**80,157**	**(3,324)**	**3,769**

Pioneer TRANSPORT Leading the way

Pioneer COACHES Raising the standard

Clan

Cross City Courier

PAL PIONEER AFRICA Logistics

Trek Africa

SKYNET WORLDWIDE EXPRESS

Directors : P.C. Chingoka (Chairman), G. Hipwell *, V.R. Gapare, D. Mamvura, K.P. McCosh *, B. Mtetwa, R. Nhamo *, H.B.W. Rudland (S.G.W. Rudland alt).
* - executive

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