**Pioneer CORPORATION AFRICA**

**TOTAL TRANSPORT & LOGISTICS SOLUTIONS**

# Unaudited Financial Statements for the half year ended 30 June 2009.

## Chairman's Statement

### Overview

As reported at our AGM in June, the Group would record a loss for the half year ended 30 June 2009 . Major reasons for the loss was the downturn in the crossborder trucking business due to the closure and scaling down of operations by mining houses due to the decline in world metal prices as a result of the global recession. Whilst dollarisation saw the economy stabilising, it also resulted initially in reduced cross border passenger business activity due to payment of customs duties in forex. The absence of long term lines of credit has meant slow revival of industry which in turn meant low volumes being moved inter city for the local consolidations business. Overall capacity utilisation was 30% to 50% which was well below last years 70%. The group engaged in cost reduction excercises and terminanted contract employees amongst ather measures taken.

### Financial Performance

The Group changed it's functional and presentation currency from Zimbabwe Dollars to United States Dollars with effect from 1 January 2009.

Comparative figures have not been presented as these figures would be meaningless and misleading due to the exchange rate distortions that prevailed in 2008.

The Group reported a turnover of USD8.1 m , an operating loss of USD474 000 and a loss before tax of USD579 000 giving a loss per share of 0.11 US cents. In-spite of the loss, a positive net cash flow of USD255 000 was achieved being mainly because of the add back of depreciation of USD853 000.

The Cross Border Trucking operations which comprise PXL Freight and Logistics, Pioneer Clan Botswana and Pioneer Trucks Zimbabwe achieved a turnover of USD 5.7m being 70% of Group turnover. Operating profit was USD121 000 giving a margin of 2%. This was due to the low capacity utilisation due to less minerals being exported because of depressed prices on the world market and less northbound traffic due to duties payable in forex.

The Coaches Division which comprises local inter city and cross border passenger business achieved a turnover of USD 1.6m being 20% of Group turnover. The SBU made an operating loss of USD153 000 due to an average of 40% occupancies following dollarisation and availabilty of goods locally. Excess capacity was moved to local inter city where margins are thin. The loss of private company hires due to companies cutting costs also adversely affected profits.

The inter city freight consolidations business comprising Pioneer Clan Freight, Cross City Courier and Skynet achieved a turnover of USD0.8m being 10% of Group turnover. This SBU was the major contributor to the Group loss position, having achieved an operating loss of USD342 000, all at Pioneer Clan Freight. Major reason was because of low capacity utilisation of 30% due to industry operating at similar levels compared to 70% last year when RBZ/Bacossi programmes were in place.

The Properties Division recorded a loss of USD 100 000 being mainly depreciation charge.

Finance costs of USD 111 000 include USD 98 000 interest paid on the PTA loan. The loan balance at 30 June 2009 was USD 2m and will be repaid by August 2010.

Overall, the financial position of the Group is still satisfactory, backed up by a solid fixed assest base comprising properties and the fleet which is in good condition.

### Operations

### Cross Border Trucking

This division is involved principally in cross border road freight haulage, specialising in the movement of high value precious minerals southbound and commodity imports northbound. The division operated at 50% capacity due to decline in mineral exports due to low world metal prices and the levying of customs duties in forex following dollarisation. Of concern currently is the inability of some of our local customers comprising major mining houses to timeously settle their debts as they face liquidity challenges since the expropriation of their Foreign Currency Accounts by the RBZ last year.

### Passenger

Cross border passenger business operated at 40% occupancy levels following dollarisation and the resultant improved availabilty of goods locally.
The local passenger business was affected by the loss of local private company hires as local companies cut costs. Business focus was shifted to local inter city to take up the excess capacity but this business is marginal and occupancies were low due to lack of money by commuters.

### Consolidation and Courier

This business reported a major loss due to operating at 30% capacity .This is directly related to industry operating at low capacities. Month on month performance has improved only marginally because of the lack of long term credit lines to kick start industry.

### Outlook

The second half of the year and in particular the fourth quarter is usually our peak season when passenger movements, cross border trucking and industry pick up heading to Christmas and we expect no different this year. Cross border trucking has already got a full order book with the improvement in metal prices, retailers stocking up, fertiliser imports as well as cotton exports. Inter city passenger is picking up as we head into the farming season with cross border passenger also on the up now that cross border trade has stabilised. Consolidations and courier are also expected to pick up with industry expected to pick up towards the festive season although improvement will not be that dramatic. A better result is therefore expected in the second half which would hopefully return the Group to a breakeven position for the full year. As a long term strategy, the Group is focusing on longer term fixed contracts.

### Dividend

The Board has not declared any dividend in line with the need to finance working capital and foreign debt reduction.

P C Chingoka

24 September 2009

## Consolidated Statement of Comprehensive Income

| | June 2009 USD 000 |
|---|---|
| **Revenue** | **8,126** |
| Cost of sales | (4,978) |
| **Gross profit** | **3,148** |
| Other operating income | 92 |
| | **3,241** |
| Distribution expenses | (91) |
| Administration expenses | (2,668) |
| Other operating expenses | (103) |
| Depreciation | (853) |
| **Loss from operations** | **(474)** |
| Net financing costs | (111) |
| Income from associates | 11 |
| Exchange loss | (5) |
| **Loss before taxation** | **(579)** |
| Taxation | 14 |
| **Loss after taxation** | **(565)** |
| **Attributable to:** | |
| Equity holders of Parent | (613) |
| Minority interest | 48 |
| **Attributable loss after taxation** | **(565)** |
| **Basic loss per share (cents)** | **(0.11)** |

## Consolidated Statement Of Changes In Equity

| | Share Capital USD000 | Share Premium USD000 | Capital Reserves USD000 | FCTR USD000 | Minority Interest USD000 | Retained Earnings USD000 | Total USD000 |
|---|---|---|---|---|---|---|---|
| **Balance as at 31 December 2008** | **-** | **-** | **10,034** | **-** | **521** | **(2,584)** | **7,972** |
| Prior year adjustment | - | - | - | - | - | (158) | (158) |
| Currency translation differences | - | - | - | (11) | 106 | - | 96 |
| Revaluation of property plant and equipment | - | - | - | - | - | - | - |
| Net loss for the period | - | - | - | - | - | (565) | (565) |
| Minority share of loss | - | - | - | - | 48 | (48) | - |
| **Balance as at 30 June 2009** | **-** | **-** | **10,034** | **(11)** | **675** | **(3,355)** | **7,344** |

## Consolidated Statement Of Financial Position

| | 2009 June USD000 |
|---|---|
| **ASSETS** | |
| **Non current assets** | **14,662** |
| Property, plant and equipment | 14,651 |
| Investments | 11 |
| **Current assets** | **5,269** |
| Inventories | 134 |
| Receivables | 4,831 |
| Cash and bank balances | 304 |
| **TOTAL ASSETS** | **19,931** |
| **EQUITY AND LIABILITIES** | |
| **Equity** | **7,344** |
| Issued capital | - |
| Share premium | - |
| Capital reserves | 10,034 |
| Foreign currency translation reserve | (11) |
| Revenue reserves | (3,355) |
| Minority interest | 675 |
| **Non current liabilities** | **7,748** |
| Borrowings | 3,286 |
| Deferred tax liabilities | 4,462 |
| **Current liabilities** | **4,839** |
| Payables | 3,825 |
| Taxation | 3 |
| Borrowings | 962 |
| Bank overdrafts and acceptances | 49 |
| **TOTAL EQUITY AND LIABILITIES** | **19,931** |

## Consolidated Cash Flow

| | 2009 JUNE USD000 |
|---|---|
| Cash generated/(utilised) from operating activities | 379 |
| (Increase)/decrease in working capital | 1,009 |
| **Cash(utilised) generated from operating activities** | **1,388** |
| Net interest paid | (116) |
| Taxation paid | (16) |
| **Cash ( utilised in)/generated from operations** | **1,256** |
| Investing activities | |
| Proceeds on disposal of assets | - |
| Investments | 11 |
| Purchase of assets | (79) |
| **Net cash flow before financing activities** | **1,188** |
| Net cashflows from financing activities | (933) |
| **Net cash (utilised)/generated** | **255** |
| **Opening cash and cash equivalents** | **-** |
| **Closing cash and cash equivalents** | **255** |

Pioneer PXL FREIGHT & LOGISTICS RSA

Pioneer TRANSPORT

Pioneer MAVAMBO COACHES RSA

Pioneer COACHES

Pioneer CLAN BOTSWANA

Pioneer CLAN FREIGHT

SKYNET WORLDWIDE EXPRESS

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