DELTA *The future is in our brands*

AUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2010.

SALIENT FEATURES

Earnings per share
Earnings per share for the year – 3,16 cents

EBITDA
EBITDA for the year from continuing operations is $48 922 141

Operating Income
Operating income for the year from continuing operations is $38 603 941

Turnover
Turnover for the year is $330 802 845

Investment Activities
To maintain and expand operations – $47 620 166

Net Borrowings
Net borrowings – $7 688 948

GROUP STATEMENT OF FINANCIAL POSITION

	Audited As At 31 March 2010 US$	As At 31 March 2009 Restated US$
ASSETS		
Non-current assets		
Property, plant and equipment	162 368 299	130 734 717
Biological assets	–	5 928 556
Investments, loans and trademarks	11 017 528	5 549 205
	173 385 827	142 212 478
Current assets		
Inventories	51 420 224	28 480 632
Trade and other receivables	22 881 800	7 773 026
Bank balances and cash	7 311 052	2 863 906
	81 613 076	39 117 564
Total Assets	254 998 903	181 330 042
EQUITY AND LIABILITIES		
Capital and reserves		
Issued capital	29 375 282	17 227 370
Share option reserve	1 546 125	1 123 224
Retained earnings	128 285 002	91 661 877
Equity attributed to equity holders of the parent	159 206 409	110 012 471
Non-controlling interests	2 732 586	8 407 955
Total shareholders' equity	161 938 995	118 420 426
Non-current liabilities		
Deferred tax liabilities	22 719 835	37 262 539
	22 719 835	37 262 539
Current liabilities		
Short-term borrowings	15 000 000	472 280
Trade and other payables	55 340 073	25 174 797
	70 340 073	25 647 077
Total equity and liabilities	254 998 903	181 330 042
Net asset value per share (cents)	13,74	10,07

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2010 Audited US$
CONTINUING OPERATIONS	
Turnover	330 802 845
Operating income	38 603 941
Profit on disposal of discontinued operations	220 196
Net finance expense	(785 226)
Gain on acquisition of associate	4 453 276
Share of loss of associates	(616 555)
Profit before tax from continuing operations	41 875 632
Income tax expense	(2 191 247)
Profit for the year from continuing operations	39 684 385

GROUP STATEMENT OF COMPREHENSIVE INCOME (CONT.)

	Year ended 31 March 2010 Audited US$
DISCONTINUED OPERATIONS	
Loss for the year from discontinued operations	(4 151 059)
Total comprehensive income for the year	35 533 326
Profit for the year attributable to:	
Owners of the parent	35 952 108
Non-controlling interests	(418 782)
	35 533 326
Profit for the year from continuing operations attributable to:	
Owners of the parent	38 963 556
Non-controlling interests	720 829
	39 684 385
Weighted average shares in issue (millions)	1 138,1
Earnings per share (cents)	
From continuing and discontinued operations	
Attributable earnings basis	3,16
Fully diluted basis	2,99
From continuing operations	
Attributable earnings basis	3,42
Fully diluted basis	3,24

GROUP STATEMENT OF CASH FLOWS

	Year ended 31 March 2010 Audited US$
Cash retained from operating activities	
Operating income	38 603 941
Depreciation	10 318 200
Other non – cash items	1 505 682
Increase in working capital	(21 813 684)
Cash generated from operating activities	28 614 139
Net financing expense	(785 226)
Income taxes paid	(6 145 629)
Cash flow from operations	21 683 284
Cash utilised in investing activities	
Maintaining operations	(11 247 909)
Expanding operations	(36 372 257)
Increase in loans and investments	(1 016 421)
Proceeds from disposal of property, plant and equipment	538 458
Proceeds from disposal of discontinued operations	4 000 000
Net cash invested	(44 098 129)
Financing activities	
Increase in shareholder funding	12 147 912
Increase in borrowings	15 000 000
Net cash generated from financing the activities	27 147 912
Net increase in cash and cash equivalents	4 733 067
Cash and cash equivalents at the beginning of year	2 577 985
Cash and cash equivalents at the end of year	7 311 052
Cash flow per share (cents)	0,40
Cash flow from discontinued operations	
Net cash outflow from operating activities	(428 330)
Net cash inflow from investing activities	212 881
Net cash inflow from financing activities	10 604
Total cash outflow from discontinued operations	(204 845)

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Total equity at the beginning of the year	118 420 426
Share capital issued of the parent	12 147 912
Recognition of share based payments	1 093 918
Earnings for the year	35 952 108
Earnings attributable to non controlling shareholders	(418 782)
Non-controlling interest in discontinued operations	(5 256 587)
Shareholders' equity at the end of the year	161 938 995
Attributable to:	
Owners of the parent	159 206 409
Non-controlling interests	2 732 586
	161 938 995

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SUPPLEMENTARY INFORMATION

	Year ended 31 March 2010 Audited US$
1. Depreciation of property, plant and equipment	10 318 200
2. Taxation	
Current income tax expense	11 402 882
Deferred tax – Arising on current year temporary differences	4 837 220
– Reversal due to rate reduction	(14 048 855)
	2 191 247
3. Commitments for capital expenditure	
Contracts and orders placed	16 868 909
Authorised by directors but not contracted	39 625 196
	56 494 105

The capital expenditure is to be financed out of the Group's own resources and existing facilities.

4. Currency of reporting

The financial statements reflect United States Dollars. This is the functional currency of the Group.

5. Comparative figures

In line with the guidance issued jointly by the Public Accountants and Auditors Board, the Zimbabwe Accounting Practices Board and the Zimbabwe Stock Exchange, the disclosure of comparative figures has been limited to the statement of financial position as at 31 March 2009. Figures arising prior to that date were subject to distortion arising from multiple exchange rates and hyper-inflation and are misleading.

6. Disclosure of assets, liabilities and equity

All items in the statement of financial position have been recorded based on originating US$ values or on conversion to US$ values as at 31 March 2009 using the market exchange rates applicable at the time of each originating transaction.

7. Accounting policies

The accounting policy for returnable containers has been changed to more accurately reflect industry accounting treatment of such containers. Containers on hand were previously treated as a component of inventory and no account was taken of containers in the market or of the Group's obligation to purchase them back at container deposit value. Under the new policy, containers on hand are treated as a component of property, plant and equipment. In addition a further asset is shown in property, plant and equipment, together with its matching liability which is shown in short term liabilities, to reflect the estimated value of the returnable container population in the market and the Group's obligation to buy those containers back from the market at container deposit value.

This policy has not resulted in any change to comprehensive income in either the current period or past periods. In the statement of financial position there is no impact on reserves, but there have been changes to the disclosure of assets and liabilities, and prior year figures have been adjusted to reflect this change in policy. The following changes have been made:

	2010 US$	2009 US$
Increase in property, plant and equipment	**36 483 201**	19 759 404
Decrease in inventories	**22 717 626**	14 239 929
Increase in short term liabilities	**13 765 575**	5 519 475

8. Discontinued operations

With effect from 1 October 2009, the 40% holding in Ariston Holdings Limited was sold. The Group has, in addition, disposed of its investment in glass manufacturing with effect from 1 January 2010. In keeping with the requirements of International Financial Reporting Standards the trading results of those operations for the period to their disposal have been shown separately.

		US$
Ariston loss for the period		1 473 034
Headend loss for the period		2 678 025
Loss from discontinued operations		4 151 059
Loss from discontinued operations attributable to:		
Owners of the parent:		
In respect of Ariston	593 191	
In respect of Headend	2 418 257	3 011 448
Non-controlling interest		
In respect of Ariston	879 843	
In respect of Headend	259 768	1 139 611
		4 151 059

COMMENTARY

Environment

The twelve months to March 2010 have been a time of change both for the country and the Group. The February 2009 paradigm shift in economic policy improved the business environment dramatically. By June, three months into the financial year, the decline had halted and signs of economic growth were starting to appear. With the national adoption of a stable currency and the removal of price controls, companies have been able to trade normally and to make decisions based on normal business risks and expectations.

This year the Group has, along with much of the country's manufacturing sector, focused on the backlog of maintenance and capital expenditure which had built up during the 'lost years'. This backlog had resulted in plant inefficiencies which, in turn, caused process losses at a level which was not sustainable in a competitive environment. With much more predictable payback, it has now become feasible to invest in new equipment, major maintenance and replacement of containers. The market has, however, remained short of liquidity and the absence of significant, reasonably priced, longer-term borrowings has placed constraints on capital expenditure as the Group has had to fund these largely from operations. An exception to this was, as previously reported, $12 million for the new Harare lager bottling line which was funded by an issue of shares.

Capacity has been improved by the new 42 000 bottle per hour packaging line for lagers in Harare which was fully operational by the end of October 2009. In addition, the mothballed Zvishavane traditional beer brewery was brought back on stream with effect from 1 November and Chibuku Shake-Shake was re-launched in October in the improved one litre non-returnable pack. Market reception has been excellent.

Total beverages volumes have recovered strongly, and market share has been regained, despite the production constraints being experienced as a result of long lead times for capital equipment and for machine spares. For the first time in many years, the Christmas holiday season was a period of strong demand, and it was noticeable that this demand stretched well into the next quarter. For the year beverages volumes were 100% up on the very poor 2009 and in line with 2007 volumes. Lager volumes were up 123%; Chibuku rose 86% reflecting a degree of market shift as greater choice became available and Soft Drink volumes climbed 149% on prior year. Plastic volumes were up 151% on prior year and are also in line with the volumes last seen in 2007.

Margins are tight and they have not yet returned to historical norms due in part to the need for higher than normal maintenance and the fact that agricultural inputs are priced well above regional parity. All beverage prices were held constant, since they were set in US$ in September 2008, until the modest changes to beer prices in April 2010. The only exception was the price of cans which rose in January 2010 to take into account the substantial rise in regional can body prices.

Acquisitions and disposals

With effect from 1 October 2009, the 40% holding in listed company Ariston was sold. When this investment was made, it was stated that Ariston was not part of the core business of the Group and that it would be disposed of when normalcy returned. The Group has, in addition, disposed of its investment in glass manufacturing with effect from 1 January 2010, with the residual assets in this operation being transferred to the joint venture partner at fair value.

With effect from 1 January 2010 a 49% share in Schweppes Zimbabwe Limited was acquired. 51% of this company is held by two employee share ownership companies representing managerial and non-managerial employees respectively.

Financial reporting

The financial information is presented in United States Dollars; this is the functional currency of the country. With the exception of the Statement of Financial Position there are no comparative figures disclosed. This is because it is not possible to meaningfully translate into United States Dollars prior figures which were recorded in hyperinflation ravaged Zimbabwe Dollars. Accordingly, as any such translation would be misleading, such figures have not been disclosed. The lack of disclosure of comparative figures is not in compliance with International Financial Reporting Standards and will result in the auditors issuing a qualified opinion with respect to the absence of comparative figure disclosure.

Financial information

Operating income from continuing operations amounted to $38,6 million having been $14,9 million at half year. Operating income from both continuing and discontinued operations amounted to $35,5 million.

The contribution of the Group to the fiscus remains substantial; company income tax, value added tax and excise duty amounted to $77,3 million. This does not include the substantial payments made in the form of employee taxes.

There has been a change in accounting policy to more accurately reflect industry accounting treatment of returnable containers. This has no impact on the income disclosed for the year, but it does have an impact on the Statement of Financial Position where inventories have been reduced and fixed assets and current liabilities have both been increased. Full details of the impact are disclosed in the notes to the financial statements.

In respect of cashflow, net working capital grew by $21,8 million, mainly representing an increase in trade receivables, as the granting of credit becomes more common, and increased inventories. The increase in inventories is only partly matched by creditor finance. Of the $47,6 million capital expenditure, $13,1 million relates to returnable containers for the year, $12,5 million to the new bottling line for lagers in Harare and $9,6 million comprises payments in advance for the Bulawayo bottling line and the new PET line to be commissioned in the coming year. $12 million in respect of the new Harare bottling line was funded from shares issued. At March the Group was in a net borrowed position of $7,7 million. This included 90 and 180 day borrowings of $15 million at an average interest rate of slightly below 10% per annum.

Dividend

The directors are of the opinion that it is not appropriate to declare a dividend for the period just ended, given the need to continue with the recapitalisation programme.

Directors

It is with deep sadness that I note the untimely death in October of Mr Eric Kahari. Eric first joined the board in August 1997 and at the time of his passing was the Deputy Chairman of the Board. His wise counsel and positive contribution will be greatly missed.

Prospects

The focus over the next year will be on installing capacity and improving efficiencies so as to supply the market with the full product range and to be able to hold buffer stock of finished goods against the high risk of power and water outages affecting production.

By the end of March 2010, in excess of 50% down payments had been made towards two significant new items of plant. A PET plant for soft drinks, which will cost $3,5 million, will come on line in June 2010. This replaces an older plant that had to be scrapped over a year ago and will mark the return to the country of this important non-returnable clear plastic pack for carbonated soft drinks. The second project underway is a new 42 000 bottles per hour plant which is presently in the process of manufacture and will be brought on line at the Bulawayo brewery before the end of October 2010; the cost of this plant will be approximately $14 million.

This, together with the investment made in the last year into containers and equipment will put the Group in a strong position to meet demand which is expected to grow significantly.

The past year has been one of exciting change, despite the frustrations from the slow pace of recovery. This recovery will continue in the year ahead and higher volumes must now translate into improved margins through right-pricing of inputs, improved plant efficiencies and cost containment.

I would like to express my thanks to my fellow Directors for their support and commitment to the group through the uncertainties of the last year. My thanks must also go to management and staff who have done a sterling job in improving Group results.

For and on behalf of the Board

Dr R M MUPAWOSE
Chairman

7 May 2010

DELTA CORPORATION
LIMITED

Directors: Dr R M Mupawose (Chairman), J S Mutizwa (Chief Executive), M J Bowman, C F Dube, S J Hammond, K Mandevhani, R H M Maunsell, E R Mpisaunga, Dr M S Mushiri, L E M Ngwerume, Prof H C Sadza, T N Sibanda, G J van den Houten.

Website address: http://www.delta.co.zw

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