



Delta Corporation

LIMITED

UNAUDITED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 SEPTEMBER 2014

SALIENT FEATURES (ON A SIMILAR BASIS)

Revenue
Decreased by 4% to US\$ 302,2 million

Operating Income
Decreased by 9% to US\$ 57,0 million

EBITDA
Decreased by 4% to US\$ 74,4 million

Earnings per share
Decreased by 7% to US 3,55 cents

Attributable Income
Decreased by 7% to US\$ 44,1 million

Dividend per share up 4%
Interim dividend per share - US1,35 cents

Government Taxes
Total tax remittances - US\$ 80,2 million

Investment activities
To maintain and expand operations
Decreased by 52% to US\$ 13,6 million

Net Funding
Net cash - US\$ 29,6 million

GROUP STATEMENT OF FINANCIAL POSITION

	UNAUDITED As At 30 September 2014 US\$'000	UNAUDITED As At 30 September 2013 US\$'000	AUDITED As At 31 March 2014 US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	338 592	329 540	353 209
Investments, loans and trademarks	34 691	31 239	35 228
	373 283	360 779	388 437
Current assets			
Inventories	104 401	86 920	100 153
Trade and other receivables	47 399	52 767	44 807
Cash and cash equivalents	129 446	81 669	86 489
Assets classified as held for sale	26 272	-	-
	307 518	221 356	231 449
TOTAL ASSETS	680 801	582 135	619 886
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital	12 358	12 311	12 342
Share premium	30 066	25 656	28 982
Share option reserve	4 727	4 272	3 527
Retained earnings	377 544	320 696	361 219
Equity attributed to equity holders of the parent	424 695	362 935	406 070
Non-controlling interests	9 225	7 287	8 309
Shareholders' equity	433 920	370 222	414 379
Non-current liabilities			
Long term borrowings	40 000	60 000	-
Deferred tax liabilities	36 520	33 036	35 769
	76 520	93 036	35 769
Current liabilities			
Short term borrowings	60 520	15 728	71 293
Trade and other payables	96 858	97 839	95 679
Current tax liability	6 352	5 310	2 766
Liabilities classified as held for sale	6 631	-	-
	170 361	118 877	169 738
TOTAL EQUITY AND LIABILITIES	680 801	582 135	619 886
Net asset value per share (cents)	34,19	29,45	32,87

GROUP STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Period ended 30 September 2014 US\$'000	UNAUDITED Period ended 30 September 2013 US\$'000	AUDITED Period ended 31 March 2014 US\$'000
Continuing operations			
Revenue	291 471	315 468	625 517
Operating income	54 422	62 578	134 184
Finance cost	(3 094)	(3 082)	(5 744)
Finance income	5 553	4 271	9 507
Share of profit of associates	1 064	361	2 283
Profit before tax	57 945	64 128	140 230
Income tax expense	(14 647)	(16 420)	(33 037)
Profit for the period from continuing operations	43 298	47 708	107 193
Discontinued operations			
Profit for the period from discontinued operations	1 709	-	-
Profit for the period	45 007	47 708	107 193
Other comprehensive income	-	-	-
Total comprehensive income for the period	45 007	47 708	107 193
Profit for the period attributable to:			
Owners of the parent	44 090	47 202	105 664
Non-controlling interests	917	506	1 529
	45 007	47 708	107 193
Weighted average shares in issue (millions)	1 242,2	1 232,5	1 235,5
Earnings per share (cents)			
From continuing and discontinuing operations :			
Attributable earnings basis	3,55	3,83	8,55
Fully diluted basis	3,53	3,79	8,49
Earnings per share (cents)			
From continuing operations :			
Attributable earnings basis	3,49	3,83	8,55
Fully diluted basis	3,46	3,79	8,49

GROUP STATEMENT OF CASH FLOWS

	UNAUDITED Period ended 30 September 2014 US\$'000	UNAUDITED Period ended 30 September 2013 US\$'000	AUDITED Period ended 31 March 2014 US\$'000
Cash flow from operating activities of continuing and discontinued operations			
Operating income	56 945	62 578	134 184
Depreciation	17 409	15 139	31 072
Other non-cash items	(13)	3 271	2 671
Increase in working capital	(13 232)	(7 554)	(14 987)
Cash generated from operations	61 109	73 434	152 940
Finance cost	(3 314)	(3 082)	(5 744)
Finance income	5 553	4 271	9 507
Income taxation paid	(8 967)	(11 440)	(27 868)
Net cash flow from operating activities	54 381	63 183	128 835
Cash flow from investing activities of continuing and discontinued operations			
Purchase of fixed assets for maintaining operations	(3 985)	(10 282)	(36 129)
Purchase of fixed assets for expanding operations	(9 569)	(18 100)	(30 048)
Purchase of shares in associate	-	-	(2 516)
Dividend received from associate	-	-	227
Increase/(decrease) in loans and investments	117	(102)	57
Proceeds from disposal of property, plant and equipment	136	714	756
Net cash invested	(13 301)	(27 770)	(67 653)
Cash flow from financing activities of continuing and discontinued operations			
Dividends paid in cash	(27 766)	(27 270)	(43 264)
Increase in shareholder funding	1 100	1 688	5 075
Share buy back	-	(373)	(4 280)
Increase/(Decrease) in borrowings	29 227	(2 877)	(7 312)
Net cash flow in financing activities	2 561	(28 832)	(49 781)
Net increase in cash and cash equivalents	43 641	6 581	11 401
Cash and cash equivalents at beginning of period	86 489	75 088	75 088
Cash and cash equivalents at end of period	130 130	81 669	86 489
Cash flow per share (cents)	4,75	5,90	12,20
Represented by:			
Cash and cash equivalents - continuing operations	129 446	81 669	86 489
Cash and cash equivalents - discontinued operations	684	-	-
	130 130	81 669	86 489



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GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	UNAUDITED Period ended 30 September 2014 US\$'000	UNAUDITED Period ended 30 September 2013 US\$'000	AUDITED Period ended 31 March 2014 US\$'000
Shareholders' equity at beginning of the period	414 379	347 250	347 250
Share options exercised	1 100	1 688	5 075
Share buy back	-	(373)	(4 280)
Recognition of share based payments	1 200	1 219	2 405
Total comprehensive income for the period	44 090	47 202	105 664
Dividends paid			
- Prior year final	(27 766)	(27 270)	(27 270)
- Current year interim	-	-	(15 994)
Earnings attributable to non-controlling shareholders	917	506	1 529
Shareholders' equity at end of the period	433 920	370 222	414 379
Attributable to:			
Owners of the parent	424 695	362 935	406 070
Non-controlling interests	9 225	7 287	8 309
	433 920	370 222	414 379

SUPPLEMENTARY INFORMATION

	UNAUDITED Period ended 30 September 2014 US\$'000	UNAUDITED Period ended 30 September 2013 US\$'000	AUDITED Period ended 31 March 2014 US\$'000
1. Revenue			
Gross sales	342 649	367 326	733 874
Less VAT and discounts	(51 178)	(51 858)	(108 357)
Revenue	291 471	315 468	625 517
Less excise duty and levies	(38 042)	(43 824)	(83 338)
Net Sales	253 429	271 644	542 179
2. Depreciation of property, plant and equipment	17 409	15 139	31 072
3. Taxation			
Current income tax expense	11 700	13 829	27 470
Withholding tax	432	295	538
Deferred tax - Arising during current period	2 515	2 296	5 029
	14 647	16 420	33 037
4. Profit from discontinued operations			
Revenue	10 725		
Operating income	2 523		
Finance cost	(220)		
Profit before tax	2 303		
Income tax expense	(594)		
Profit from discontinued operations	1 709		
5. Discontinued operations assets and liabilities			
Property, plant and equipment	12 720		
Investments	151		
Long term loan assets	1 097		
Inventories	6 297		
Trade and other receivables	5 323		
Cash and cash equivalents	684		
Total assets	26 272		
Liabilities directly associated with assets classified as held for sale			
Creditors	4 049		
Current tax liability	171		
Deferred tax liability	1 763		
Long term loan liabilities	648		
Total liabilities	6 631		
6. Commitments for capital expenditure			
Contracts and orders placed	13 000	17 000	12 135
Authorised by directors but not contracted	35 000	26 800	41 955
	48 000	43 800	54 090

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

7. Currency of reporting

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

8. Accounting policies

Accounting policies are consistent with those used in the previous year with no significant impact arising from new and revised International Financial Reporting Standards applicable for the period ended 30 September 2014.

COMMENTARY

OVERVIEW

This was another challenging half year characterised by a deteriorating macro-economic environment. Liquidity challenges persist with limited injection of the much needed Foreign Direct Investment. The disruptions to production from electrical power supply outages escalated during the period under review. Consumer spend is softening and largely chasing lower priced goods and services. In spite of all this, the company continued to focus on delivering value to its stakeholders by ensuring its portfolio of beverages is available across the various consumer and channel segments.

VOLUME AND OPERATIONS REPORT

Lager Beer

Lager beer is 25% down on prior year as a result of the consumer's declining buying power. The company remains engaged with the fiscal authorities to reduce excise duty levels to augment the interventions implemented recently to address affordability and reverse this undesirable trend.

Sparkling and Non Alcoholic Beverages

Sparkling beverages are down 9% on prior year. Alternative beverages are up 16% on prior year. The innovations on packaging and new products will be accelerated over the remainder of the year.

Sorghum Beer

Sorghum beer category continues to record growth up 14% on prior year driven by affordability. Chibuku super has been rolled out nationally and is driving overall category performance. Further investments are underway to fill the supply gap.

FINANCIAL RESULTS

Revenue is down 4% for the half year reflecting notable changes in the sales mix. Operating income is down 13% on a reported basis but down 9% on a comparable basis after accounting for Mega Pak as an asset held for sale. The operating margins reflect a decline due to the changing sales mix which was mitigated by efficiency improvements and cost control.

Net finance income is 88% up on prior year due to the positive net cash position for the period under review.

Cash generated from operations was \$61 million, down by \$12 million from the prior year due to increased barley and maize stock holding. Capital expenditure to date is at \$13,6 million which is mainly in respect of capacity enhancements, productivity and efficiency improvements. Net cash closed at \$29,6million.

MEGA PAK

The plastics and packaging subsidiary Mega Pak will be reversed into an entity to be called Nampak Zimbabwe Limited. This restructuring exercise is in line with the group strategy to focus on the beverage business while allowing Mega Pak to be associated with a strong packaging business. This will result in the company being a shareholder in Nampak Zimbabwe Limited which will assume the Hunyani Holdings listing on the Zimbabwe Stock Exchange. Mega Pak is thus reported under assets held for disposal in this report pending finalisation of this transaction.

OUTLOOK

The business environment is expected to remain difficult. The company will continue to focus on capturing consumer spend whilst containing costs and improving efficiency to deliver value.

DIVIDEND

The Board has declared an interim dividend of US1,35 cents per share to be paid to shareholders on 10 December 2014.

For and on behalf of the Board

C.F Dube
Chairman

7 NOVEMBER 2014

DIVIDEND DECLARATION

NOTICE is hereby given that on 7 November 2014 the Board of Directors declared an interim dividend, number 109, of US1,35 cents per share payable out of the profits of the Company for the year to 31 March 2015.

The dividend will be payable in United States dollars to Shareholders registered in the books of the Company at the close of business on 5 December 2014. Dividend warrants will be posted or direct payments made on or about 10 December, 2014.

The share register of the Company will be closed from 6 to 8 December 2014, both dates inclusive.

By Order of the Board

A Makamure
Company Secretary



C F Dube (Chairman), P Gowero (Chief Executive), M J Bowman,
S J Hammond, J A Kirby, G H Nel (Alt) L E M Ngwerume,
Prof. H C Sadza, T N Sibanda, M M Valela

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