

AUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2009.

COMMENTARY

Environment

The first half of the year was dominated by a dramatic acceleration of inflation due to supply side constraints and increases in money supply. In the four months from October 2008 to January 2009 the acceleration continued and it became increasingly difficult to operate in a currency which depreciated rapidly. At the same time the gap between the cash and bank values for the Zimbabwe Dollars widened to a point where physical cash was worth several hundred million times the value of cash in the bank. In response to this, there was a marked increase in unofficial dollarisation and the informal sector, which largely avoids controls, expanded considerably.

With effect from November 2008 licences could be purchased which allowed trading within the country in foreign currency. This was highly regulated and subject to an effective 7,5% tax on gross income. This, together with a requirement for manufacturers to continue to trade in the local currency at controlled prices, made business largely unprofitable for local manufacturers.

At the beginning of February 2009, the country underwent a paradigm shift in economic policy. Price controls were dropped; trading in foreign currencies was permitted and licences to do so were no longer prescribed; the requirement to surrender 7,5% of sales to the Reserve Bank was removed; the use of foreign currency for both personal and business purposes was largely decontrolled; trade in agricultural products was decontrolled. The Zimbabwe Dollar quickly disappeared. Initially prices in foreign currency were inappropriately high and significant inflation was seen in United States Dollar prices; this had, by the end of March 2009 stabilised, prices were coming down and inflation had been tamed. This gave local manufacturers an opportunity to compete with imported products and there has generally been an increase in local production.

Financial reporting and audit opinion

The financial information presented is primarily in Zimbabwe Dollars (Z\$). Inflation adjusted information has not been produced because national inflation figures were not available. The level of inflation experienced was so high that accurate measurement of inflation was not possible. Conversion of the income statement to United States Dollars (US\$), whilst appearing attractive, can be misleading as it suffers from serious distortions relating to multiple exchange rates and wild changes in exchange rates during the course of a month. Prior year figures have not been shown as inflation has rendered these too small to reflect a value.

Included in the financial report is a balance sheet in US\$. This has been produced using historical cost accounting concepts taking into account the US\$ values of original entries; accordingly, asset values have not been based on a valuation by the directors or professional valuers. In the opinion of the directors this balance sheet presents an accurate picture of the financial position of the Group in US\$ as at 31 March 2009 and will form an appropriate accounting base for reporting of results in future periods.

The Z\$ financial statements have been presented to meet statutory reporting requirements. They reflect historical Z\$ values modified to take into account the restatement of the year end balance sheet to historical US\$; this has resulted in an uplift of nominal Z\$ values which has been disclosed in the income statement and the statement of movement in shareholders' equity.

The audit opinion on the financial statements is qualified on the basis that they do not present a true and fair view of the financial status of the Group. The Zimbabwe Accounting Practices Board has provided guidelines on the wording of the qualification of the audit opinion as this will affect the majority of organisations reporting in Zimbabwe. The unique circumstances prevailing in the Zimbabwe economy over the last twelve months have made it impossible to provide meaningful financial reporting in respect of the year and, accordingly, the Directors do not feel it is useful to comment on the financial information as presented in Z\$; comment will therefore be restricted to non financial information.

Volumes and operations report

This year has been a roller coaster of economic policy environments which until the dollarisation in early February 2009, were increasingly hostile to the formal sector of the economy in which this Group operates. Group companies have adapted as necessary in order to survive and to preserve assets and skills, but the overall situation has been one of low volumes and , at best, breakeven profitability.

Demand for our products has generally remained firm, but this has not translated into sales volumes for a number of reasons: there were periods when consumers were unable to draw cash for purchases; at times price controls made sales unviable; and the failure of water and power supplies resulted in lost production. There have been significant levels of imported products in the market filling the supply gap; at their peak, imported beers and carbonated soft drinks accounted for a large share of the market. By the end of March 2009, when some normalcy had returned, this had dropped significantly.

Lager sales in the first half of the financial year were 48% of the previous year; this persisted into the third quarter with the result that the three months into December, which is usually the peak demand period for beverages, had sales which were only marginally higher than those of the normally subdued winter quarter. Sales in the final quarter of the year were 30% up on the traditional peak demand quarter and 82% of those of the previous year. As a result, sales for the year have been 54% of last year. Significantly, March sales of lagers represented the highest monthly sales since April 2008. This rising trend has continued into April when sales, whilst by no means back to the levels of a few years ago, were at a level not seen since October and November 2007. Sorghum beer (Chibuku) shows a similar, though slightly better, trend to lagers with sales for the year at 64% to prior year. Sparkling beverages is lagging, the last quarter of the year remained quite soft and sales for the year are 47% of 2008. Sales in April have increased sharply, but off a very low base.

Sales of plastic products had a very soft third quarter and a much improved final quarter to end the year at 64% to prior year. Malt sales for the year were 37% of the tonnage the year before; this poor performance was due to the reduced barley crops in 2007 and 2008 which resulted in reduced exports. Glass production at 55% of last year was marked by lengthy maintenance shutdowns to repair damage to the furnace which resulted in the plant operating at around 25% of capacity despite strong export orders.

Dividend

The directors are of the opinion that it is not appropriate to declare a dividend for the period just ended.

Prospects

The recent major changes to economic policy were vital if the country was to have any prospect of stemming the headlong decline in the economy and they present a real chance for Zimbabwe to move into economic recovery. This recovery will be a slow and painful process, but will lead to an improvement in the well being of the nation as a whole. It is therefore essential that the Government remains steadfast in its commitment to this new way forward and does not allow the prospects of recovery to be scuttled by those who find the transition too painful.

With substantial inflows of international investment, lines of credit and aid it would be possible to achieve GDP growth as high as 10% per annum. Without those enabling funds, growth is likely to be in the low single digits. Unlocking those funds can only come from the creation of an enabling environment which is investor friendly. This requires clear and attractive rules for investment, consistent policy positions, simplified regulations, effective administration of justice and protection of property rights.

For the immediate term the business focus will be on ensuring that inputs are correctly priced so that products are priced to compete with imports, retaining skills through this period of transition, and beginning the process of recapitalising operations and achieving volume recovery.

For and on behalf of the Board

Dr R M MUPAWOSE Chairman

8 May 2009

BALANCE SHEET

(UNITED STATES DOLLARS)	HISTORICAL
	Year ended 31 March 2009 US\$
ASSETS	
Non-current assets	110 975 313
Property, plant and equipment Biological assets	5 928 556
Investments, loans and trademarks	5 526 743
	122 430 612
Current assets	
Inventories	42 720 561
Trade and other receivables Short-term loans	7 773 026 22 462
Bank balances and cash	2 863 906
	53 379 955
Total Assets	175 810 567
EQUITY AND LIABILITIES	
Capital and Reserves	
Issued capital	17 227 369
Share option reserve	1 123 224
Retained earnings	86 614 610
Equity attributed to equity holders of the parent	104 965 203
Minority interest	13 455 223
Shareholders' equity	118 420 426
Non-current liabilities Deferred taxation	37 262 539
	37 262 539
Current liabilities	
Short-term borrowings	472 280
Interest free liabilities	19 655 322
	20 127 602
Total Equity and liabilities	175 810 567
Net asset value per share (US\$)	0,10

BALANCE SHEET (ZIMBABWE DOLLARS)

ASSETS	
Non-current assets	
Property, plant and equipment	

Investments, loans and trademarks

Current assets

Inventories
Trade and other receivables
Short-term loans
Bank balances and cash

Biological assets

8 544 112 200 1 554 605 200 4 492 400 572 781 200

HISTORICAL

22 195 062 600

24 486 122 400

1 185 711 200

1 105 348 600

Year ended

31 March

2009

Total Assets

10 675 991 000 35 162 113 400

BALANCE SHEET (CONTINUED)	
(ZIMBABWE DOLLARS)	•HISTORICAL
	Year ended 31 March 2009 Z\$
EQUITY AND LIABILITIES	
Capital and Reserves Issued capital Share option reserve Retained earnings	3 445 473 800 224 644 800 17 322 922 000
Equity attributed to equity holders of the parent	20 993 040 600
Minority interest	2 691 044 600
Shareholders' equity	23 684 085 200
Non-current liabilities Deferred taxation	7 452 507 800 7 452 507 800
Current liabilities	1 752 501 600
Short-term borrowings Interest free liabilities	94 456 000 3 931 064 400
	4 025 520 400
Total Equity and liabilities	35 162 113 400

INCOME STATEMENT
(ZIMBABWE DOLLARS)

Net asset value per share (Z\$)

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	Z\$
Turnover	3 276 330 774
Net revenue Retrenchment costs Gain on net asset uplift Biological assets and livestock fair value adjustment	460 575 160 (361 197 800) 1 970 744 876 (93 610 575)
Operating income Finance expense Equity accounted earnings	1 976 511 661 (1 804 985) 3 863 550
Income before taxation Taxation	1 978 570 226 (201 146 298)
Income for the year	1 777 423 928
Attributable to: Equity holders of the company Minority interest	1 778 324 229 (900 301) 1 777 423 928
Weighted average shares in issue (millions)	1 068,8

CASH FLOW STATEMENTS

Earnings per share (Z\$)

Cash flow per share (\$)

Fully diluted basis

Attributable earnings basis

CASH FLOW STATEMENTS
(ZIMBABWE DOLLARS)
Cash retained from operating activities Operating income Depreciation Bio assets and livestock fair value adjustment Other non cash items Increase in working capital
Cash expended on operating activities Net financing expense Income taxes paid
Net cash utilised
Cash utilised in investment activities Maintaining operations
Net cash invested
Financing activities Increase in shareholder funding
Net cash generated from financing activities
Net increase in cash and cash equivalents Cash and cash equivalents at beginning of year
Cash and cash equivalents at end of year

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	Year ended 31 March 2009 Z\$
17 20 2	445 473 800 224 644 800 322 922 000 993 040 600 691 044 600 684 085 200
	452 507 800 452 507 800
4	94 456 000 931 064 400 025 520 400 162 113 400
	STORICAL Year ended 31 March
3	2009 Z\$ 276 330 774
1	460 575 160 361 197 800) 970 744 876 (93 610 575)
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HISTORICAL

1 976 511 661

201 485 375

(1 689 290 979)

(621 967 466)

(39 650 834)

(1804985)

 $(201\ 146\ 298)$

(242 602 117)

(79 072 683)

(321674800)

800 000 000

800 000 000

478 325 200

478 325 200

(0,44)

93 610 575

Year ended

31 March

2009

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

OTTILITIES OF CHANGED IN OTHER DISCORDED DE LE		
(ZIMBABWE DOLLARS)	HISTORICAL	
	Year ended 31 March 2009 Z\$	
Total equity at the beginning of the year		
Share capital issued of the parent	800 000 000	
Recognition of share based payments	198 480 000	
Income attributable to shareholders of the parent	1 778 324 229	
Gain on net asset uplift	18 416 154 814	
Foreign currency translation adjustment	(199 918 443)	
Income attributable to minority shareholders	(900 301)	
Minority interest of gain on net asset value uplift	2 691 944 901	
Tota! equity at the end of the year	23 684 085 200	
Attributable to: Equity holders of the company Minority interest	20 993 040 600 2 691 044 600 23 684 085 200	

SUPPLEMENTARY INFORMATION

1. Depreciation of property, plant and equipment

Depreciation for the year amounted to Z\$201 485 375

2.	Commitments for capital expenditure	US\$
	Contracts and orders placed Authorised by directors but not contracted	29 828 304
		29 828 304

Capital commitments are denominated in US\$ as they relate to the subsequent period. The capital expenditure will be financed out of the Company's own resources and existing facilities, with the exception of US\$12 000 000 for a lagers bottling line which will be funded from an issue of approximately 40 000 000 shares.

3. Currency of reporting

The financial statements reflect either United States Dollars (US\$) and Zimbabwe Dollars (Z\$), and are clearly marked as to which currency applies.

Both currencies have been in use during the year, with the majority transactions for the majority of the period being in Z\$. The primary statutory financial statements are disclosed in Z\$. The Zimbabwe currency was restated on 1 August 2008 by dividing all amounts by 10 000 000 000 and on 1 February 2009 by dividing all amounts by 1 000 000 000. In total twenty-two digits were removed during the year.

The comparative figures have been restated to reflect this and, as a result, are too small to report. Accordingly, no comparative figures have been disclosed.

4. Inflation adjustment

These financial statements have not been adjusted in conformity with International Accounting Standard 29: "Financial Reporting in Hyperinflationary Economies" as national inflation indices needed to make this possible have not been released.

5. Disclosure of assets, liabilities and equity

All items in the US\$ balance sheet have been recorded based on originating US\$ values or on a conversion of the original Z\$ using the market exchange rates applicable to the transaction at the time. The Z\$ balance sheet is a translation of the US\$ balance sheet converted at the closing exchange rate for the period: US\$1 = Z\$200 (in restated Z\$).

This gives rise to an uplift of value in the Z\$ income statement and in the Z\$ Statement of Changes in Shareholders' Equity. This uplift is of a similar nature to the Monetary Adjustment which arises in inflation adjusted financial statements. It also gives rise to the significant liability for deferred tax that can be seen in both the US\$ and Z\$ balance sheets.



Directors: Dr. R M Mupawose (Chairman), J S Mutizwa (Chief Executive), M J Bowman, C F Dube, S J Hammond, M E Kahari, 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.

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