

DELTA CORPORATION LIMITED

THE FUTURE IS IN OUR BRANDS

AUDITED ABRIDGED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2012

SALIENT FEATURES

Revenue
Increased by 36% to US\$554.8 million
Operating income
Grew by 44% to US\$98.3 million
EBITDA
Up by 45% to US\$118.7 million
Earnings per share
Increased by 38% to US\$6.22 cents
Attributable income
Increased by 39% to US\$73.7 million
Annual dividend per share
Increased by 59%
Interim dividend paid per share - US\$0.83 cents
Final dividend proposed per share - US\$1.25 cents
Investment activities
To maintain and expand operations - US\$73.8 million
Net borrowings
Net funding - US\$25.8 million

GROUP STATEMENT OF FINANCIAL POSITION

	As at 31 March 2012 US\$ '000	As at 31 March 2011 US\$ '000
ASSETS		
Non-current assets		
Property, plant and equipment	268 470	226 969
Investments, loans and trademarks	28 133	29 726
	<u>296 603</u>	<u>247 695</u>
Current assets		
Inventories	77 620	67 877
Trade and other receivables	37 345	26 376
Cash and cash equivalents	55 578	5 159
	<u>170 543</u>	<u>99 412</u>
TOTAL ASSETS	<u>467 146</u>	<u>347 107</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Issued share capital	11 927	11 822
Share premium	19 553	17 749
Share option reserve	3 553	2 240
Dividend proposed	14 901	11 816
Retained earnings	214 006	164 223
Equity attributed to equity holders of the parent	263 940	207 850
Non-controlling interests	5 129	3 767
Shareholders' equity	<u>269 069</u>	<u>211 617</u>
Non-current liabilities		
Long term borrowings	60 000	-
Deferred tax liabilities	27 247	22 811
	<u>87 247</u>	<u>22 811</u>
Current liabilities		
Short-term borrowings	21 381	24 175
Trade and other payables	89 449	88 504
	<u>110 830</u>	<u>112 679</u>
TOTAL EQUITY AND LIABILITIES	<u>467 146</u>	<u>347 107</u>
Net asset value per share (cents)	22.25	17.66

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2012 US\$ '000	Year ended 31 March 2011 US\$ '000
Revenue	<u>554 767</u>	<u>408 001</u>
Operating income	98 288	68 238
Finance cost	(4 727)	(2 281)
Finance income	2 077	300
Gain on acquisition of associate	1 930	2 895
Share of profit of associates	1 725	902
Profit before tax	<u>99 293</u>	<u>70 054</u>
Income tax expense	(24 087)	(15 940)
Profit for the year	<u>75 206</u>	<u>54 114</u>
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>75 206</u>	<u>54 114</u>
Profit for the year attributable to:		
Owners of the parent	73 747	53 012
Non-controlling interests	1 459	1 102
	<u>75 206</u>	<u>54 114</u>
Weighted average shares in issue (millions)	1 186.0	1 176.9
Earnings per share (cents)		
Attributable earnings basis	6.22	4.50
Fully diluted basis	6.03	4.35

GROUP STATEMENT OF CASH FLOWS

	Year Ended 31 March 2012 US\$ '000	Year Ended 31 March 2011 US\$ '000
Cash flow from operating activities		
Operating income	98 288	68 238
Depreciation	20 372	13 484
Other non-cash items	13 597	4 183
(Increase)/decrease in working capital	(10 866)	5 756
Cash generated from operating activities	<u>121 391</u>	<u>91 661</u>
Net financing expense	(2 650)	(1 981)
Income taxation paid	(28 532)	(8 392)
Net cash flow from operating activities	<u>90 189</u>	<u>81 288</u>
Cash flow from investing activities		
Maintaining operations	(21 544)	(39 526)
Expanding operations	(52 208)	(42 617)
Increase in investments, loans and trademarks	(3 752)	(5 400)
Proceeds from disposal of property, plant and equipment	367	701
Net cash flow utilised in investing activities	<u>(77 137)</u>	<u>(86 842)</u>
Cash flow from financing activities		
Dividends paid in cash	(21 748)	(5 989)
Increase in shareholder funding	1 909	196
Increase in borrowings	57 206	9 175
Net cash flow generated from financing activities	<u>37 367</u>	<u>3 402</u>
Net increase/(decrease) in cash and cash equivalents	<u>50 419</u>	<u>(2 152)</u>
Cash and cash equivalents at beginning of year	5 159	7 311
Cash and cash equivalents at end of year	<u>55 578</u>	<u>5 159</u>
Cash flow per share (cents)	10.04	7.63

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Year Ended 31 March 2012 US\$ '000	Year Ended 31 March 2011 US\$ '000
Shareholders' equity at the beginning of the year	<u>211 617</u>	<u>161 939</u>
Share capital issued	1 909	196
Recognition of share based payments	2 085	1 337
Total comprehensive income for the year	<u>73 747</u>	<u>53 012</u>
Dividends paid:		
- Prior year (final dividend)	(11 816)	-
- Interim dividend	(9 835)	(5 901)
Earnings attributable to non-controlling shareholders	<u>1 459</u>	<u>1 102</u>
Dividend paid to non-controlling shareholders	(97)	(68)
Shareholders' equity at the end of the year	<u>269 069</u>	<u>211 617</u>
Attributable to:		
Owners of the parent	263 940	207 850
Non-controlling interests	5 129	3 767
	<u>269 069</u>	<u>211 617</u>

SUPPLEMENTARY INFORMATION

	Year ended 31 March 2 012 US\$ '000	Year ended 31 March 2 011 US\$ '000
1. Revenue		
Gross sales	653 938	481 764
Less VAT and discounts	(99 171)	(73 263)
Revenue	<u>554 767</u>	<u>408 001</u>
Less excise	(74 860)	(58 667)
Net Sales	<u>479 907</u>	<u>349 334</u>
2. Depreciation of property, plant and equipment	<u>20 372</u>	<u>13 484</u>
3. Taxation		
Current income tax expense	19 651	15 848
Deferred tax - Arising during current year	4 436	92
	<u>24 087</u>	<u>15 940</u>
4. Commitments for capital expenditure		
Contracts and orders placed	16 544	3 931
Authorised by directors but not contracted	63 456	63 322
	<u>80 000</u>	<u>67 253</u>

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

5. Currency of reporting
The financial statements are reported in United States Dollars (US\$). This is the functional currency of the Group.

6. 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 year ended 31 March 2012.

7. Audit opinion
The external auditors have expressed an unqualified opinion on the full set of financial statements for the year ended 31 March 2012 from which this financial information is derived.



DELTA CORPORATION LIMITED

THE FUTURE IS IN OUR BRANDS

COMMENTARY

INTRODUCTION

It is my pleasure to present to you a very pleasing report for the year. Delta's financial performance was underpinned by volume growth across our beverage portfolio, and a deliberate revenue and cost management focus. We continued to renovate our brands and invest in capacity to create a platform for sustained growth.

VOLUMES AND OPERATIONS REPORT

Total beverage volumes grew by 19% over prior year reflecting firm demand across all the beverage categories.

Lager volumes grew by 23% underpinned by a faster growth of the premium segment and improved product availability. A new beer packaging line, the third since dollarisation is scheduled for commissioning by the summer of 2012, which will afford the business a lot more flexibility in product availability and allow it to maintain its strong position in the increasingly competitive environment.

Sparkling beverages grew by 26% driven by improved product availability following the commissioning of the Graniteside packaging line in August 2011. This growth will be supported by investment in a second PET line to be commissioned in Bulawayo ahead of the festive season. Sorghum beer grew 15% thereby reversing the prior year downward trend. Maheu is up 4% on prior year following the commissioning of a new local production facility in early 2012.

FINANCIAL RESULTS

During the year under review the Group recorded revenue growth of 36% over prior year while operating income grew by 44%. The operating margin improved by 95 basis points arising from increased premium contribution and cost control measures.

Cash generated from operations increased by US\$30 million over prior year to US\$121 million. The increase in working capital to support the business growth was \$11 million. Net debt increased by US\$7 million as the company accessed long term offshore funding of US\$60 million at favourable rates. Capital expenditure for the year amounted to US\$74 million.

DIVIDEND

The Board has recommended a final dividend of US1.25 cents per share to be paid to shareholders on 6 June 2012. This brings the total dividend for the year to US2.08 cents, a 39% increase over prior year.

ENTERPRISE DEVELOPMENT AND COMMUNITY BENEFIT

The bulk of our manufacturing inputs are deliberately sourced locally supporting the recovery of the Zimbabwean economy. We continue to be actively involved in funding agriculture both large commercial and small scale farmers. We remain a significant contributor to the state revenues with a contribution of \$158.5 million in excise and other taxes; an increase of 61% over prior year.

OUR PEOPLE

We have a solid skills base in the business and are grateful for their dedication and loyalty to the Company. We continue to train and develop our people to further deepen skills and leadership capabilities on an on-going basis to meet both the current and future business needs while also striving to meet individuals' career advancement needs. We note that at the national level, the mismatch between productivity trends and pressure on wages is of concern.

CORPORATE GOVERNANCE

The Directors are committed to maintaining the highest standards of corporate governance while also providing the leadership, controls and strategic oversight to ensure sustained value delivery to shareholders.

DIRECTORATE

Mr Joe Mutizwa retires from the Company as the Chief Executive and Director on 31 May 2012. He has been the Chief Executive since 2002 and a Director since 1994, having joined the Company in 1983. He was instrumental in consolidating and refocusing the Group to the core beverages business and successfully steered the Company through the difficult years of hyper-inflation. He led the business recovery since the dollarisation of the economy in 2009 and leaves the company in a very good position.

Dr Sam Mushiri retired from the Company as a Director at the end of December 2011 having been with the Company since 1980 in various capacities, becoming an Executive Director in April 2002. The Company benefited immensely from his significant contribution over the years, particularly in the areas of beer brewing, technical services and strategic supplies.

On behalf of the Board, I thank both Mr Joe Mutizwa and Dr Sam Mushiri for their outstanding service to the Company.

Mr Pearson Gowero has been appointed as the Chief Executive with effect from 1 June 2012, having joined the Company in 1997. He brings a wealth of experience having held various senior positions within the Company including Managing Director of Chibuku Breweries, Operations Director of Delta Beverages and most recently Chief Operating Officer of Delta Corporation. He also spent five years as the Managing Director of Zambian Breweries – a subsidiary of SABMiller. I wish him all the success in this position.

With effect from 1 April 2012 I welcome two new Executive Directors, Mr Daud Taranhike as Supply Chain Director and Mr Max Karombo as Marketing Director.

FUTURE PROSPECTS

I am confident that the business will continue to deliver value to all stakeholders. The Company remains focused on its strategy of investing for both volume and revenue growth while focusing on cost containment by improving efficiency and engaging value chain partners.

For and on behalf of the Board

C.F DUBE
CHAIRMAN

4 MAY 2012

DIVIDEND DECLARATION

NOTICE is hereby given that on 4 May 2012 the Board of Directors declared a final dividend, number 104, of US1.25 cents per share payable out of the profits of the Company for the year ended 31 March 2012.

The dividend will be payable in United States dollars to Shareholders registered in the books of the Company at the close of business on 1 June 2012. Dividend warrants will be posted or direct payments made on or about 6 June 2012.

The share register of the Company will be closed from 2 to 4 June 2012, both dates inclusive.

By Order of the Board

A Makumbe
Company Secretary



DELTA CORPORATION
LIMITED

C F Dube (Chairman), J S Mutizwa (Chief Executive), M J Bowman ,
P Gowero, S J Hammond, E R Mpisaunga, L E M Ngwerume, Prof. H C Sadza,
T N Sibanda, M M Valela, G J van den Houten, M P Karombo, D Taranhike

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