# DELTA CORPORATION LIMITED

## ANNUAL REPORT 1996

*Building for a sustainable future*

# COMPANY PROFILE

Delta Corporation Limited is a holding company that has invested in and taken management responsibility for a broadly based portfolio of businesses, which operate throughout Zimbabwe.

The company is listed on the Zimbabwe Stock Exchange and was first registered in 1946 as Rhodesian Breweries Limited. Its origins, however, were even earlier. In 1898, the country's first brewery was established in Cameron Street, Salisbury. From this small beginning the brewing industry developed into a major commercial and industrial operation. By 1950, the company had built the "Sable Brewery" in Bulawayo producing pale ale, milk stout and Sable Lager. Over the years the company continued to expand its portfolio of businesses and diversified its brewing base. In 1978 the name was changed to Delta Corporation Limited and the company assumed the mantle of a holding company for a broad range of interests serving the mass consumer market. These included lager and sorghum beer brewing, the bottling of carbonated and non-carbonated soft drinks, supermarket and furniture retailing, tourism and various agro-industrial operations.

C. H. Makanji

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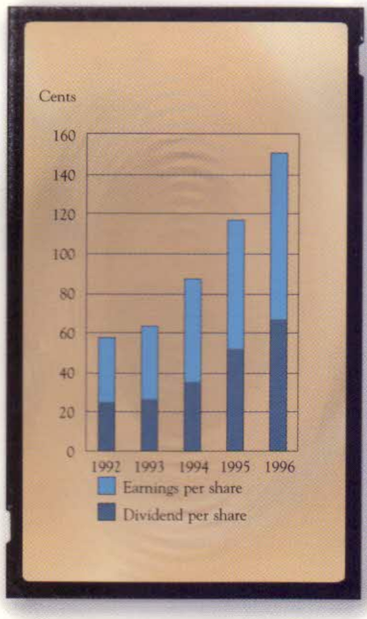
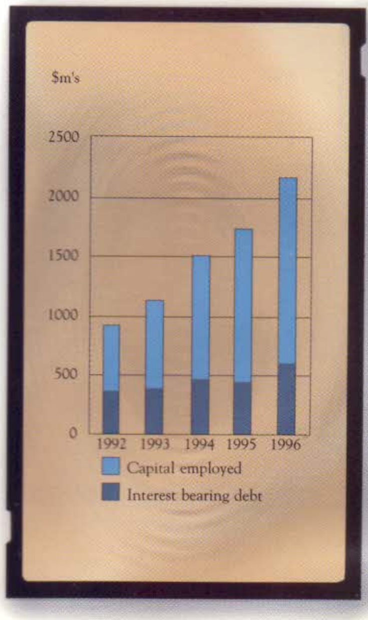
# FINANCIAL HIGHLIGHTS

| | 1996 | 1995 |
|---|---|---|
| **Group Summary (Z$ million)** | | |
| Turnover | 4 720 | 3 681 |
| Cash value added | 1 920 | 1 585 |
| Income after taxation | 427 | 333 |
| Attributable earnings | 389 | 299 |
| Total asstets | 3 062 | 2 473 |
| Market capitalisation | 5 567 | 2 586 |
| **Share Performance (cents)** | | |
| Earnings per share | | |
| – attributable earnings basis | 150 | 116 |
| – cash equivalent basis | 191 | 143 |
| Cash flow per share | 136 | 146 |
| Dividends per share | 65 | 50 |
| Net asset value per share | 464 | 377 |
| Market price per share | 2 150 | 1 000 |
| **Financial Statistics** | | |
| Return on equity (%) | 32,4 | 30,7 |
| Financial gearing ratio (%) | 36,4 | 34,5 |
| Interest cover (times) | 6,0 | 4,2 |




50 YEARS 1946 - 1996

# DELTA CORPORATION LIMITED

## AN HISTORICAL PERSPECTIVE

The Group's roots date back to 1898 when Thomas Meikle, Louis Susman and Adolph Rosenthall joined together to build a brewery. In 1910, South African Breweries were involved in the installation of a five storey plant in Cameron Street, Salisbury. On 19 September 1946, Rhodesian Breweries Limited was registered by the Registrar of Companies and went public in 1947. Nearly two million, five shilling shares were listed on the Stock Exchange for six and threepence each.

In its first year as a listed company a profit of £2 457 was reported. This surplus was generated from a grand production level of 700 barrels of lager beer a week - less than 60 000 hectolitres for the year! By 1949 the company had built a second brewery in Bulawayo. This expansion, unfortunately, threatened the company's viability and liquidation was only averted through the intervention of South African Breweries.

The company's first diversification came in 1951 when the Sebakwe Hotel was purchased for £30 000. The company still faced financial difficulties and finally struck a rewarding and long standing partnership with South African Breweries, who, through the issue 12,5 million new shares, took a majority stake in the company.

From these humble beginnings, the company grew in stature and strength. This performance relied heavily on the development and retention of key skills. The cornerstone of the company's success in those early days was its people. This factor has been pre-eminent ever since then, and will continue to be focused upon in the future.

*Cameron Street Brewery c.1911*

Whilst the foundation of the business lay squarely in lager beer production, with the Southerton Brewery being opened in 1962 by Sir Roy Welensky, expansion opportunities were identified in other mass market orientated operations. Initially, an investment was made in the Central African Bottling Company, which was formed by a merger between Canada Dry and Pepsi Cola and later Schweppes. In 1966 shares were acquired in Heinrich's Chibuku Breweries Limited. By 1971 a controlling interest was acquired in this venture. The hotel portfolio was expanded through acquisition in 1968 of Hotel Victoria (now Bulawayo Sun), and in 1970 of Troutbeck Inn and by the construction of the Monomatapa Hotel in 1974 at a cost which is now only able to meet the funding requirements for new lifts.

The hotel and leisure interests of the Group operated initially under the banner of Southern Sun and then as Meikles Southern Sun. Meikles divested their interests in the late seventies. In July 1990, Delta floated its hotel interests to form Zimbabwe Sun Limited.

In 1978 OK Bazaars Limited was acquired, followed by Springmaster Limited and in 1979 by R.I.H. Limited which is now United Bottlers. The acquisition of Pelhams in the eighties was the last major addition before the purchase of Bulawayo Bottlers in 1994.

Throughout the years, the emphasis on development of people has resulted in the establishment of a strong, independently administered pension fund and the establishment of top class training institutions such as the Delta Engineering Training Centre, the Driver Training Centre and the Mandel Training Centre. Mandel was extensively redeveloped in 1994/5 whilst the Driver Training Centre was relocated to new premises in Ruwa in 1995.

The corporation's head office "Sable House" is situated in Northridge Park, a location which is a short distance from the centre of the City of Harare. The office complex was occupied in March 1985.

Known as Delta Corporation Limited since April 1978, the Group is a leader on the Zimbabwe Stock Exchange. With over 13 000 dedicated employees, extensive investments in its major pillars of operation and interest in the social improvement of the community at large, the Group is destined to forge ahead successfully.

# ORGANISATIONAL VISION

## CORE VALUES

- **Integrity, Honesty and Discipline**

  We believe in integrity, honesty and discipline. Our actions will at all times be ethical and fair. This principle is fundamental in everything we do, will be consistently applied and will not be compromised.

- **Respect for the Individual**

  We believe in and have respect for the individual, be he/she an employee, a customer, a supplier, a shareholder or any other stakeholder.

- **Teamwork**

  We believe that our goals will be achieved best through teamwork. We must always think "we" and not "I".

- **Quality in Product and Service**

  We have pride in our products and are committed to excellence of quality in product and service.

- **Continuous Improvement**

  We believe in the principle of continuous improvement and with this we embrace technological advancements, we encourage ingenuity and innovation and above all we promote the development of our staff.

- **Good Corporate Citizenship**

  We recognize our responsibility to society and through our contributions, sponsorships, environmental concern and other such practices will always be identified as a good corporate citizen.

# ORGANISATIONAL VISION

## PURPOSE

Our purpose is to invest in and manage, to the highest standards, a portfolio of businesses principally engaged in meeting mass market consumer needs in Zimbabwe.

## MISSION / GOAL

Delta's turnover will reach US$1 billion (Z$13 billion) by the year 2001. During this period profits will register average real growth of 7,5% per annum.

## VIVID DESCRIPTION

Working for Delta will be a jealously guarded privilege which engenders immense self esteem and extreme admiration from outsiders. All our employees will feel that they are contributing through their day to day work to the Group's continued success in the market. All their efforts will translate into perceptions of good value and quality being received by our customers and into a most valuable reference for suppliers. Evolving from this ethos and desire will be a blue chip investment for our shareholders which is secure and second to none.

*Delta Corporation Limited - the flagship of a diverse range of top-performing Zimbabwean companies.*

50 YEARS 1946 - 1996

# A SUSTAINABLE FUTURE

## ENVIRONMENTAL POLICY

Delta believes that the protection of the environment is critical to the long term sustainable future of the country and its people.

The sanctity of all ecosystems should be preserved for future generations and Delta is committed to act responsibly and with due regard to the impact of all its operations and products on the environment.

Protecting the environment is an obligation - not a choice.

Consequently:

In order to fulfil this obligation Delta will :

- Conduct environmental impact assessments when establishing new facilities.
- Utilise the best available technology to limit emissions and effluents, improve land eco-efficiencies and waste recovery.
- Support research into the protection of the environment.
- Conform to prescribed and self determined environmental, health and safety standards.
- Support and promote supplies of environmental friendly products and services.
- Promote environmental awareness, responsibility, and training among all employees and the public at large.
- Continuously monitor and audit the environmental status of all its operations.
- Use raw materials and resources prudently.
- Promote the recycling and reprocessing of waste materials; and
- Ensure management accountability for the fulfilment of this obligation.

Delta Corporation Limited is a member of the

Environmental Forum of Zimbabwe,
World Business Council for Sustainable Development,
International Chamber of Commerce and
International Network for Environmental Management.

# PORTFOLIO OF BUSINESES

## GROUP STRUCTURE

| | |
|---|---|
| | **DELTA CORPORATION LIMITED** |
| 100% | **DELTA OPERATIONS (PVT) LTD** |
| 100% | **BEVERAGES** |
| 100% | **RETAIL** |
| 100% | **TRANSPORT** |
| 100% | **AGRO INDUSTRIAL** |
| 70% | POLYCON CONVERTERS ZIMBABWE (PVT) LTD |
| 51% | MEGAPAK (PVT) LTD |
| 49% | FILLTECH (PVT) LTD |
| 51% | FOOD AND INDUSTRIAL PROCESSORS (PVT) LTD |
| 63,8% | **ZIMBABWE SUN LIMITED** |
| 15% | AFRICAN DISTILLERS LIMITED |

ALL GROUP COMPANIES ARE INCORPORATED IN ZIMBABWE

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# PORTFOLIO OF BUSINESSES

## ACTIVITIES

### BEVERAGES

**National Breweries**

Brewing lager beer — 2 Breweries

Castle Lager, Castle Pilsener, Lion Lager, Carling Black Label, Zambezi Export Lager, Bohlinger's

**Chibuku Breweries**

Brewing sorghum beer — 16 Breweries

Chibuku, Rufaro and Thabani

**United Bottlers**

Bottling carbonated & non-carbonated soft drinks — 4 Bottling Plants

Coca-Cola, Diet Coke, Fanta, Sparletta, Schweppes, Sprite

### RETAIL

**OK Zimbabwe**

Mass merchandising — 28 OK Stores, 5 Bon Marché Stores

**Pelhams**

Specialist furnishers — 24 Outlets, 2 Factories

### TRANSPORT

**Delta Distribution**

Provision and maintenance of primary and secondary vehicles

18 Workshops

### AGRO INDUSTRIAL

**Kwekwe Maltings**

Barley malting — 1 Malting Plant

**Southern Brewer Hops Farm**

Farming hops — 1 Farm

# PORTFOLIO OF BUSINESSES

## ACTIVITIES

### *ZIMBABWE SUN LIMITED*

**Zimbabwe Sun Hotels**

Management of hotels

| | |
|---|---|
| City | 6 Hotels |
| Resort | 8 Hotels |
| Wildlife | 9 Hotels |

**Zimbabwe Sun Casinos**

Casino management 4 Casinos

**Touch the Wild**

Partnership in safaris and game viewing 6 camps

**Zimbabwe Sun Vacations**

Timeshare resorts 2 Resorts

### *FILLTECH (PVT) LTD*

Manufacture of machine spares 1 Factory

### *FOOD AND INDUSTRIAL PROCESSORS (PVT) LTD*

Food processing 1 Factory

### *MEGAPAK (PVT) LTD*

Manufacture of plastic products 1 Factory

### *POLYCON CONVERTERS ZIMBABWE (PVT) LTD*

Manufacture of rotomoulded plastic products 1 Factory

### *AFRICAN DISTILLERS LIMITED*

Wine & spirit producer 3 Farms, 1Distillery, 5 Depots

# DIRECTORATE AND MANAGEMENT

*Standing, left to right:*
*W.H. Turpin.*
*J.S. Mutizwa,*
*V.W. Zireva,*
*T.N. Sibanda,*
*J.E. Smith,*
*A.S. Nyamatore,*
*N.G. Cox,*
*S.H. Musesengwa,*
*J.P. Rooney,*
*Seated:*
*Dr. S.C. Mundawarara,*
*A.L. Makwavarara*

## BOARD OF DIRECTORS

*CHAIRMAN*

| | |
|---|---|
| Dr. S. C. Mundawarara | B.Sc(Rhodes); M.B; Ch.B(Rand); F.C.P.C.P.(Z). ~ |

*GROUP CHIEF EXECUTIVE*

| | |
|---|---|
| J. P. Rooney | CA(Z); CA(SA) *~ |

*EXECUTIVE DIRECTORS*

| | |
|---|---|
| J. S. Mutizwa | B.Sc.Soc.Sc.(Hons); MBA |
| J. E. Smith | B.Comm; CA(Z); CA(SA); MBA |
| V. W. Zireva | B.Acc. (Hons); CA(Z); MBL * |

*NON-EXECUTIVE DIRECTORS*

| | |
|---|---|
| N. G. Cox | CA(Z); CA(SA) *~ |
| A. L. Makwavarara | BA |
| S. H. Musesengwa | |
| A. S. Nyamatore | M.Sc(USA); Ph.M(Z); BA(Hons)(Z) * |
| T. N. Sibanda | B.Acc; CA(Z) * |
| W. H. Turpin | BA; LLB *~ |

* Member of Group Audit Committee
~ Member of General Purposes Committee

# DIRECTORATE AND MANAGEMENT

*FINANCE AND ADMINISTRATION*

| | | |
|---|---|---|
| J. S. Mutizwa | B.Sc.Soc.Sc.(Hons); MBA | Director |
| J. E. Smith | B.Comm; CA(Z); CA(SA); MBA | Director |
| V. W. Zireva | B.Acc.(Hons); CA(Z); MBL | Director |
| J. Koumides | B.Acc.(Hons); CA(Z) | Group Treasurer |
| H. D. Gaitskell | FCIS | Group Secretary |
| M. S. Manyumwa | B.Sc.Sociology (Hons); M.Sc | Human Resources General Manager |
| A. T. Wright | B.Sc.Eng.; M.Sc; MBA | Investments & Development |

*DIVISIONAL MANAGING DIRECTORS*

| | | |
|---|---|---|
| N. J. Nhete | B.Sc(Hons); Dip. Inst. Brewing | National Breweries |
| M. R. Makomva | B.Acc(Hons); CA(Z); MBL | Chibuku Breweries |
| S. P. Kuipa | B.Sc.Sociology (Hons) | United Bottlers |
| D. K. McComb | | Delta Distribution |
| L. H. Greene | Dip. Inst. Brewing | Ruwa Agro Industries |
| Dr. M. S. Mushiri | B.Sc.(Hons); M.Sc.Phd. | Food and Industrial |
| A. R. Katsande | B.Sc. Eco. (Hons); MBA | OK / Bon Marché |
| J. R. Rouse | | Pelhams |
| J.E. Smith | B.Comm; CA(Z); CA(SA); MBA | Zimbabwe Sun Limited |

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# DIRECTORATE AND MANAGEMENT

*FINANCE AND ADMINISTRATION*

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# CHAIRMAN'S STATEMENT

## INTRODUCTION

The Group produced excellent results for the year ended 31 March 1996. Market expectations were met, despite a drought affected economy which saw raw material prices, mainly agricultural, soar and disposable incomes erode. I am very proud to be presenting my first Chairman's Statement in this 50th anniversary year.

## ECONOMIC ENVIRONMENT

The liberalisation of the economy has resulted, to a large extent, in an enabling environment which bears no resemblance to the command economy of just a few years ago. The Government must be commended for its commitment to the measures taken so far, and for its encouraging resolve to proceed with the second phase of Economic Structural Adjustment. The recent appointment of a substantive Minister of Finance will provide the continuity required to solve the impasse with the World Bank and the International Monetary Fund. Encouraging signs are already emerging, such as the small and medium scale industry facility of $700 million funded by the World Bank at extremely concessionary rates.

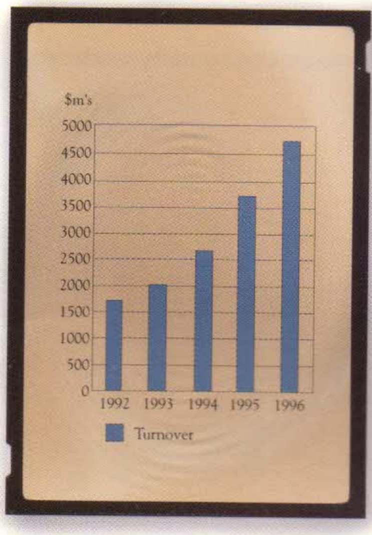
*Dr. S.C. Mundawarara, Chairman*

Inflation, interest rates, direct and indirect taxes continue at unacceptably high levels. The untenable effect that they have on both the productive and consumptive sectors, cannot continue unabated if the fruits of structural adjustment programmes are to be finally realised. Whilst no one can be blamed for the debilitating effects of recent droughts, it is imperative that the Government continues to control its spending, improve the collection of revenues and cuts the budget deficit, so that limited resources are made available at more affordable rates to the productive sector.

The good rainy season of 1995/96 will result in a substantial rebound in agricultural output. Coupled with this, it is hoped that other sectors, such as manufacturing and tourism, will exhibit good growth. GDP is expected to grow by over 6,5%, against negative growth last year. Private consumption expenditure is expected to increase by 5,5% in the year ahead.

Global competition is now a permanent feature in the local market. The tourism sector has to contend with other world-wide destinations whilst imported products are now in plentiful supply. The competitive environment raises challenges, as well as opportunities, for the Group. Its focus, therefore, is to seek continuous improvement in quality, productivity and service.

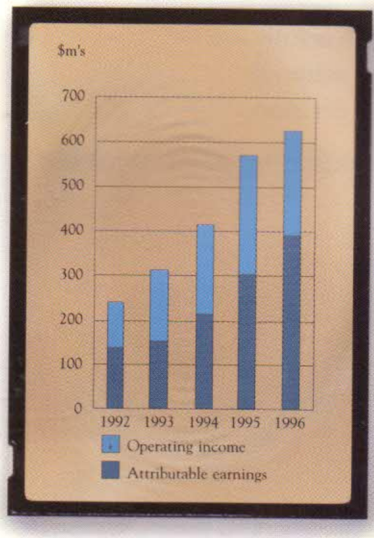
## FINANCIAL RESULTS




In order to continue presenting high quality financial information, the Group is sensitive to the requirements of bodies such as the International Accounting Standards Committee and to issues of international comparability. Delta has, accordingly, reverted to the benchmark treatment enunciated in IAS16 of accounting for fixed assets using the historical cost convention. In addition, the Group has adopted the policy of writing off goodwill or non-distributable reserve on consolidation over five years, as required by IAS22.

The effects of these changes are disclosed in note 3 to the financial statements and in various key statistics in the five year review. Consequent to these changes, certain key financial objectives require amendment. Critical among these measurements is the taxed operating return which has now been reappraised at 30%, after factoring in the current cost of acquiring new permanent risk capital.

Turnover increased by 28% this year to reach $4,7 billion. When viewed against an underlying average inflation rate of 23% for the year, the Group's achievement is commendable in what has been a hard year for the country and its people. A very pleasing component of the turnover relates to export earnings, which surged 70% to $382 million. This area will continue to receive special management attention.




Despite the growth in turnover, operating income moved up 10%. Two major factors contributed to this unacceptable increase. Firstly, excise duties and sales taxes increased significantly by 42% and had to be met by our customers from their diminishing disposable income. Secondly, the massive increases in raw material prices, with maize, for example, more than doubling in price during the year, severely impacted on operating margins in the Group's beverages division. Over the last five years, however, operating income has exhibited compounded growth of nearly 37%, which is well ahead of inflation during the same period.

Financing costs decreased by over $30 million. This resulted from the accessing of cheaper facilities as well as from the strict management of the timing of outflows for capital expenditure. Even if financing costs are aggregated with foreign exchange losses arising from the increased use of offshore facilities, the total cost was below the prior year. The savings realised in debt servicing costs, taken together with a reduced tax burden, resulted in profits after taxation increasing by 28%. In keeping with the Group's policy of equalising the tax charge over time, to avoid the distortion on capital allowances caused by unequal capital expenditure patterns, $14 million was added to the tax equalisation account. The policy is considered appropriate to bring the effective tax rate in line with an anticipated and sustainable 30% over the coming years.

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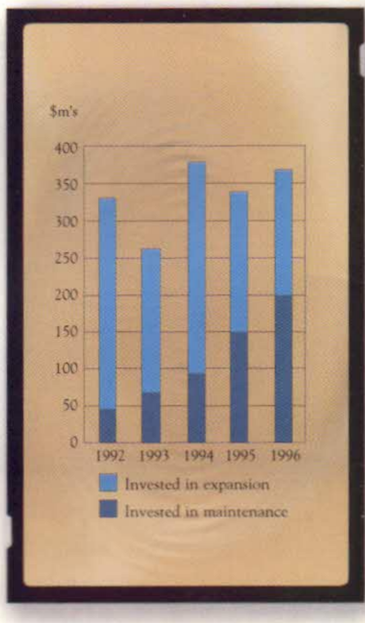
# CHAIRMAN'S STATEMENT

Earnings attributable to shareholders of $389 million rose 30%. A marginal increase in the weighted average number of shares in issue during the year left earnings per share up 30% at 150,4 cents. Dividends per share of 65,4 cents also grew by 30%, reflecting an unchanged dividend cover of approximately 2,3 times. Had revaluation depreciation been provided, the dividend cover would have been 2,06 times.



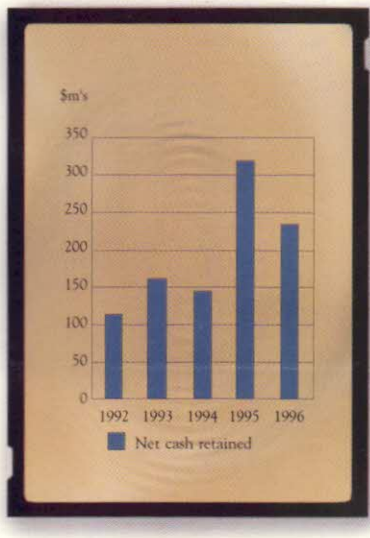

For the first time, shareholders will be offered the opportunity to convert their dividend into Delta shares. The offer will be at an appropriate discount to market value. All shareholders are urged to seriously consider this offer due to the blue chip nature of the counter.

## INVESTMENT AND FUNDING

Once again, the Group invested heavily in capital expenditure. Out of a total of $357 million, $164 million was invested in expansion projects to grow the operational asset base.

The main components of this expansion related to a major redevelopment of the world famous Victoria Falls Hotel, completion of Mahenye and Chilo lodges in the south-east of Zimbabwe, coolers, draught beer equipment and dispensers in the beverages division, and computerisation upgrades throughout the Group.

Cash flow from operations dropped from $422 million to $385 million, due mainly to the difficulties experienced by the beverages division caused by raw material price increases and excessive excise duties. The operating income in this division was in fact identical to the prior year. Besides the low overall growth in cash generated from trading, there was a significant increase of $159 million in working capital.

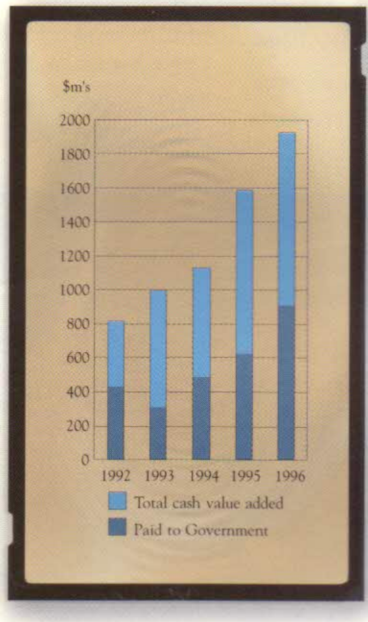



This was necessitated by a requirement to increase strategic stocks of raw materials at higher prices and to fund debtors, which grew substantially in the retail division in particular. As a result of these factors, cash flow per share decreased by 7% and did not keep pace with cash equivalent earnings per share which grew by 33%. It is the Group's objective that these statistics, which emphasise the underlying quality of earnings, should more or less match each other.

Net Group borrowings increased by 28% during the year. Management of the borrowings was strict, particularly in relation to the timing of major outflows for capital expenditure purposes. As a result of this, interest cover reached the Group's target of 6 times. At 36% the gearing ratio is comfortable and well within the pre-set maximum of 55%. It is expected that net Group borrowings will decrease in the coming year, which in real terms will translate into a significant drop.

## ACHIEVEMENT APPRAISAL

The internal philosophies, policies, values and objectives, which are fundamental to all that Delta wishes to achieve, have been revisited this year. The unshakeable core that has always existed remains untouched. A new guiding philosophy now incorporates the core values, the purpose of the Group, and its mission or goal. The whole process of rolling out this philosophy has started with all senior management and will continue vigorously in the months ahead.




In looking at the mission or goal a target has been set that turnover should reach US$1 billion by the year 2001. This target will be met with profits growing in real terms. The Group realises that nominal growth can be easily eroded when measured against more stable criteria. Due to the massive depreciation of the Zimbabwe dollar since 1991, Group turnover and earnings have only recently matched 1991 US$ comparatives. It is imperative that real growth be achieved, and therefore the Group has set a target, in hard currency terms, to double its turnover in five years.

A cornerstone of Delta's philosophies is to maximise the generation of added cash value to the economy, of which the Group forms a significant part. An increase of $334 million in cash value added has taken the total close to the $2 billion mark this year.

Whilst employees and shareholders both benefited from the increase, the main recipient was Government, whose share of cash value added increased by 46% to $903 million, and represented 47% of the total. Last year Government stood at 39% and the extra 8 percentage points have been at the expense of retaining funds in the business to facilitate the replacement of assets and the expansion of operations to grow the economy. Production in the nation's manufacturing sector dropped 13,6% in 1995, the steepest one year fall since 1963. Contributing to this fall were drink and tobacco, which were down 6,5%. It is essential that these sectors be stimulated for the overall good of the country. Delta's contribution to the fiscus in both direct and indirect taxes is substantial and, in all likelihood, exceeds that of certain sectors of the economy taken as a whole.


The benefits of a well balanced and focused portfolio of businesses helped the Group achieve an overall taxed operating return of 22,4%, which is second only to 1995 in the last five years, but short of the Group's 30% target.

Dividends have grown by a compounded 32% over the last five years. Shareholders have received by way of share price appreciation and dividends a compounded return of 42% per annum over a five year period. This return has been enhanced by the share's surge in the last few months with Delta's share price more than doubling in a year and significantly outstripping the impressive growth in the industrial index.

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Market capitalisation at year end was nearly $5,6 billion and has since grown to nearly $6,7 billion. As stated last year, a serious investor's portfolio will be enhanced by the inclusion of this high quality share.

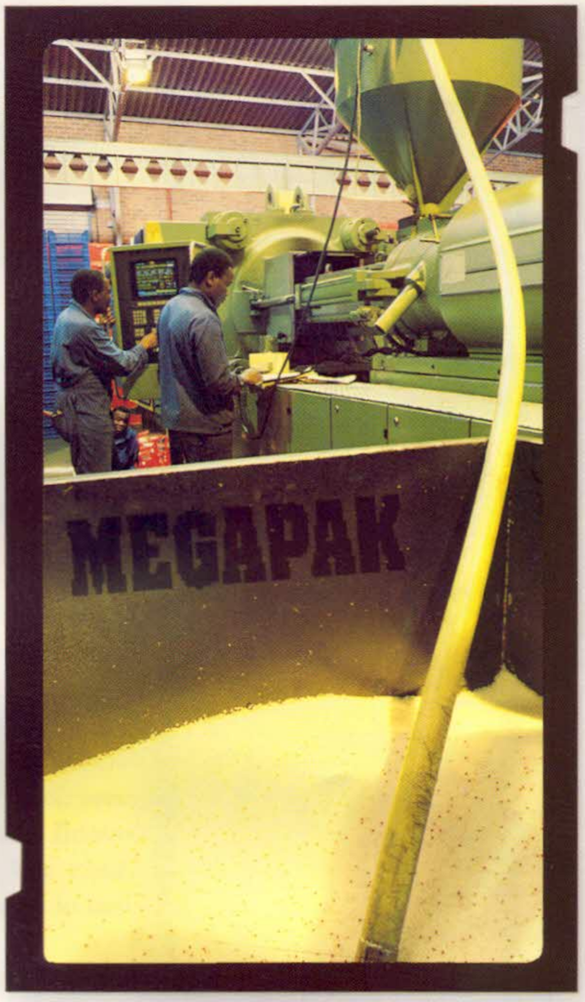
## DIRECTORATE AND MANAGEMENT

Mr E. D. Chiura retired from the Board of Directors and the Group in February 1996, after twenty six years service, the last ten being as Chairman. Mr Chiura's wise counsel, loyalty and immense experience will be missed. The Group is extremely grateful for his invaluable contribution and we wish him well in his deserved retirement.

Mr S. H. Musesengwa was appointed as a non-executive director on 23 February 1996 and brings with him vast experience and knowledge.

With the Board of Directors now chaired by a non-executive director, in line with international trends in corporate governance, Mr J. P. Rooney, the Group Managing Director for the past ten years, became the Group Chief Executive.

On 1 November 1995 the Group strengthened its management structure by appointing executive directors to oversee its three major pillars of operation. Mr J. S. Mutizwa became Chief Executive Beverages Division, with responsibility for National Breweries, Chibuku Breweries, United Bottlers and Delta Distribution. Mr J. E. Smith became Chief Executive Hotel and Leisure Division, with responsibility for Zimbabwe Sun Limited. Mr V. W. Zireva became Chief Executive Retail Division with responsibility for OK Zimbabwe and the Pelhams group of outlets. This new structure has resulted, and will continue to result, in an increased focus on strategy, quality, efficiency, productivity, manpower development, training and succession planning in a more competitive environment.




*Megapak - production line training raises productivity and enables the company to meet the demands of Natbrew and United Bottlers for plastic crates.*

## CORPORATE GOVERNANCE

In addition to the Audit Committee, which has been in place for over two years, the Group has now established a General Purposes Committee, which is responsible for making recommendations to the Board on all major policy issues, including investment and disinvestment proposals and Board appointments. It is constituted and chaired by non-executive directors, save for the membership of the Group Chief Executive. It also acts as a Remuneration Committee. A separate page included in the financial statements details corporate governance procedures in the Group.

## ENVIRONMENTAL MANAGEMENT

The long term sustainable future of the Group, and indeed our country and its people, depends to a large extent on our management of the environment.

The Group continues to monitor its operations, products and services as to their impact on the environment.

*Delta Engineering Training Centre - the first stage in the planned journey from apprentice to engineer.*


For the second year, a separate Environmental Report is included. For the first time environmental impact targets have been set in various areas of key focus. Progress will be managed against these levels each year. Future achievements will be recorded and target levels will be reviewed regularly.

## HUMAN RESOURCES

Fifty years after being registered as a public entity, the Group continues to record impressive results. There is no doubt that this is largely due to the unwavering loyalty and resolve of its people. Over 1 350 employees have been with the Group for over ten years, with more than 400 in fact being employees of over twenty years standing. These long-serving employees have been with the Group for an average of approximately 15 years each and their total service is, in aggregate, in excess of 21 000 years.

Health and safety issues are continuously focused upon. Counselling and care are important to the Group, especially in these times of HIV and AIDS. The Corporation, in conjunction with Family Health International, funded by USAID, has launched an AIDS awareness and peer education programme, which is administered by the Group Medical Officer. Many of the Group operations have their own clinic or share it with other Group companies. A main clinic and consultancy room also exists in Harare.

Training and manpower development continues to attract significant investment. During the year over 1 780 employees attended courses at the Group's Mandel Training Centre in Marlborough. A new Driver Training Centre was also opened in Ruwa during the year. The Engineering Training Centre continued to provide high class training to apprentices. In addition, many on-the-job training programmes were carried out in the Group.

Industrial relations remained strong throughout the Group and were characterised by strong teamwork between management, employees and Worker's Committees.

## RESEARCH AND DEVELOPMENT

In pursuing greater quality and productivity, various Group operations continue to invest in research and development, both in the product base and in such support service areas as computer technology. The transport division has, for example, achieved efficiencies, through its research and development programmes, that are extremely encouraging and the envy of many outsiders. Other examples of research and development are covered in the review of operations.


*Delta Distribution - reaching the furthest outposts of the country.*

## CORPORATE SOCIAL REVIEW

The Corporation has a licence to trade from the people of Zimbabwe. It therefore accepts that it has a major social responsibility to the community.

Delta has a tradition, therefore, to give back to the community some of the value generated by its businesses. Considerable sums of money have been ploughed back into community developments, supporting various sporting activities, cultural and national environmental bodies, educational institutions, various charities and national representative organisations. Such contribution, direct and indirect, exceeded $10 million this year.

Long before the current swell of calls for indigenisation, the Group has been cognisant of the need to uplift the general level of well-being of the majority of this country's population. To this end, the Group continues to seek opportunities to increase the number of linkages it has already established with many people in the community, both in the supply to the Group of goods and services, and in the purchasing and marketing of Group products and services. The Group is currently also looking at various joint venture possibilities in sectors such as tourism. The Group is committed to the establishment and continued growth of a much larger middle class in Zimbabwe.

During the year, the Group launched its "Stand Up And Go Project". A sum of $5 million was set aside to fund it. In principle, the project aims at identifying young entrepreneurs with good, feasible projects that require funding. Several individuals were identified in November and have had their projects funded. They are given constant operational guidance and support from a dedicated team at Delta. Various levels of success have been achieved by the individuals so far. Even where problems exist, it is felt that a little extra nurturing will see them through. New projects will start in the coming year.

## FUTURE PROSPECTS

Many of the themes and aims of previous reports remain unchanged. The Group is still 'building for a sustainable future', and with this in mind, will continue to focus on achieving world class status in all it produces and sells.

Significant emphasis is on-going in human resource development, research and development in-house or through technical alliances, improved quality and customer care. A more market orientated culture is required to supplement the above and successfully counter the competition which is growing so rapidly.

The Group has few capacity constraints and is, therefore, well-positioned to take advantage of the expected rebound of the economy. It has invested heavily in its main pillars of operation and will continue to do so in the years to come. Capital expenditure for the coming year is budgeted at close to $500 million. Working capital is expected to absorb a further $110 million. The Group will be funding this expenditure from existing resources and facilities.

It is still vital, however, that the Group generates fair and adequate returns in its beverages division. Much of the Group's investment in the last few years has been in this sector. Unless the responsible authorities address the untenable level of excise duties, the immense potential that could be unleashed from the utilisation of excess capacity will not be realised and the exchequer, suppliers, customers and the country will be the losers.

The prospects for the coming year look positive. The overall recovery in the economy will lead to good growth in private consumption expenditure. The Group, therefore, looks forward to continuing its exciting growth phase. Earnings and dividends are therefore expected to exhibit meaningful real growth in the year ahead.

## APPRECIATION

Delta's management and staff have once again proved their resilience and dedication in achieving excellent results in a harsh environment. Special thanks are indeed due to all stakeholders for their support and loyalty to the Group. As Chairman, I must express my gratitude to the Directors for their support and invaluable guidance.

In this 50th anniversary year it is only right and proper to pay homage to all the remarkable people who preceded us, and laid the foundations for such a marvellous and successful Group. The pride and confidence that they exhibited lives on in the Group as it goes forward with its people striving for ever higher levels of stakeholder satisfaction.

50 YEARS 1946 - 1996

Dr. S. C. Mundawarara B.Sc (Rhodes); M.B; Ch.B (Rand); F.C.P.C.P.(Z)
Chairman
17 May 1996


*Natbrew - inherent product quality and striking packaging do not happen by accident. They are the result of finely honed personal skills and adherence to consistently high standards.*

# REVIEW OF OPERATIONS

## NATIONAL BREWERIES

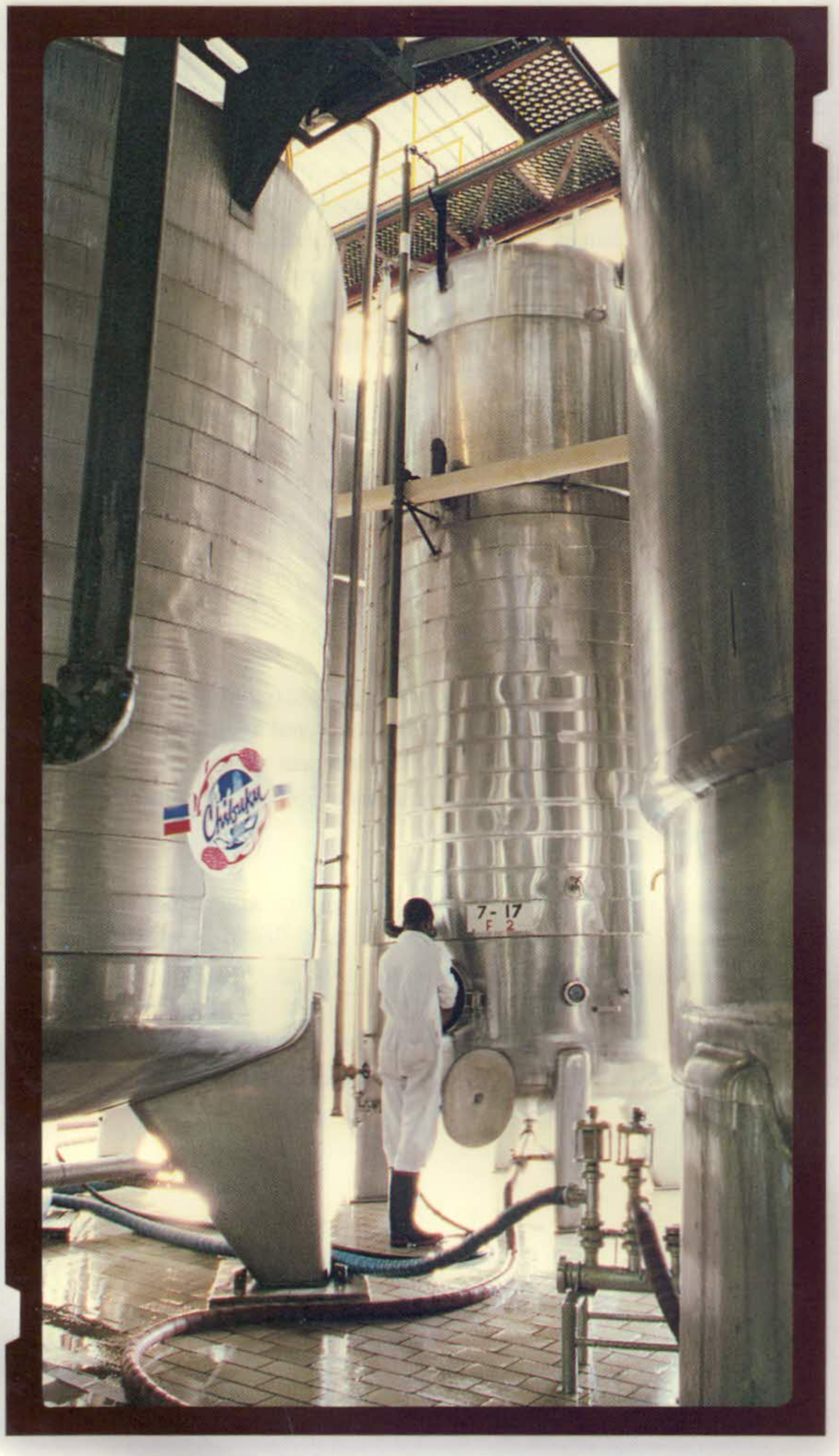
Lower disposable income and excessive excise duty resulted in National Breweries' volumes decreasing by nearly 15% this year. This is the fourth consecutive year that volumes have dropped. The 45% increase in excise duty in January 1995 came at a time when volumes had turned the corner and were showing positive growth. Despite a small respite in the July 1995 Budget, where the duty was reduced by 9% to 77,5% 'ad valorem', the damage caused by the initial increase was sustained throughout the year. National Breweries paid 70% of its cash value added to the Government during the financial year. It is vital that this issue is addressed in the near future for the good of all consumers, suppliers and other stakeholders.

In spite of the above, National Breweries followed a clear strategy of focusing on customer service requirements. It increased its portfolio of packages to include canned Zambezi and Bohlinger's, as well as to grow the distribution of casks and dispensers in the market to cater for increased draught sales. A concerted effort began during the year to introduce high quality branded coolers in the market. The quality of beer produced is subject to constant testing, both in-house and independent, and research and development into better formulation is ongoing.

As a capital intensive industry, lager beer manufacturing requires extensive investment. Much of this expansion and replacement has occurred in previous years and, as a result of the decline in volumes, only $30 million was spent this year. Nearly $90 million has been earmarked for the new year, with $69 million aimed at quality and market service improvements.

Natbrew maintained its commitment to the community, mainly through sponsorship of sports, such as soccer, rugby and horse-racing, as well as through the development of the market with trend setter bars and retail training.

The recovery in private consumption expenditure should result in volumes growing and using up some of the huge excess in installed capacity.

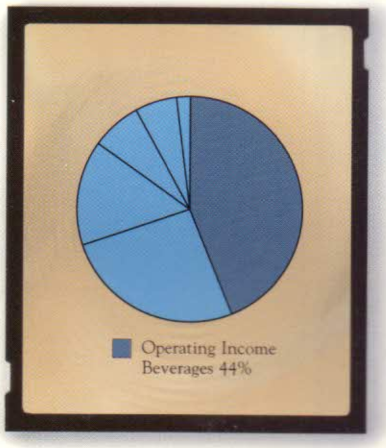



*Chibuku - High levels of training and compliance with strict rules of hygiene ensure continuity of quality for this popular indigenous product.*

# REVIEW OF OPERATIONS

## CHIBUKU BREWERIES

Chibuku Breweries continued to enhance its pre-eminent market position through quality management and upgraded customer service. Packaged 'Scud' sales grew significantly and increased this operation's market penetration and capacity.

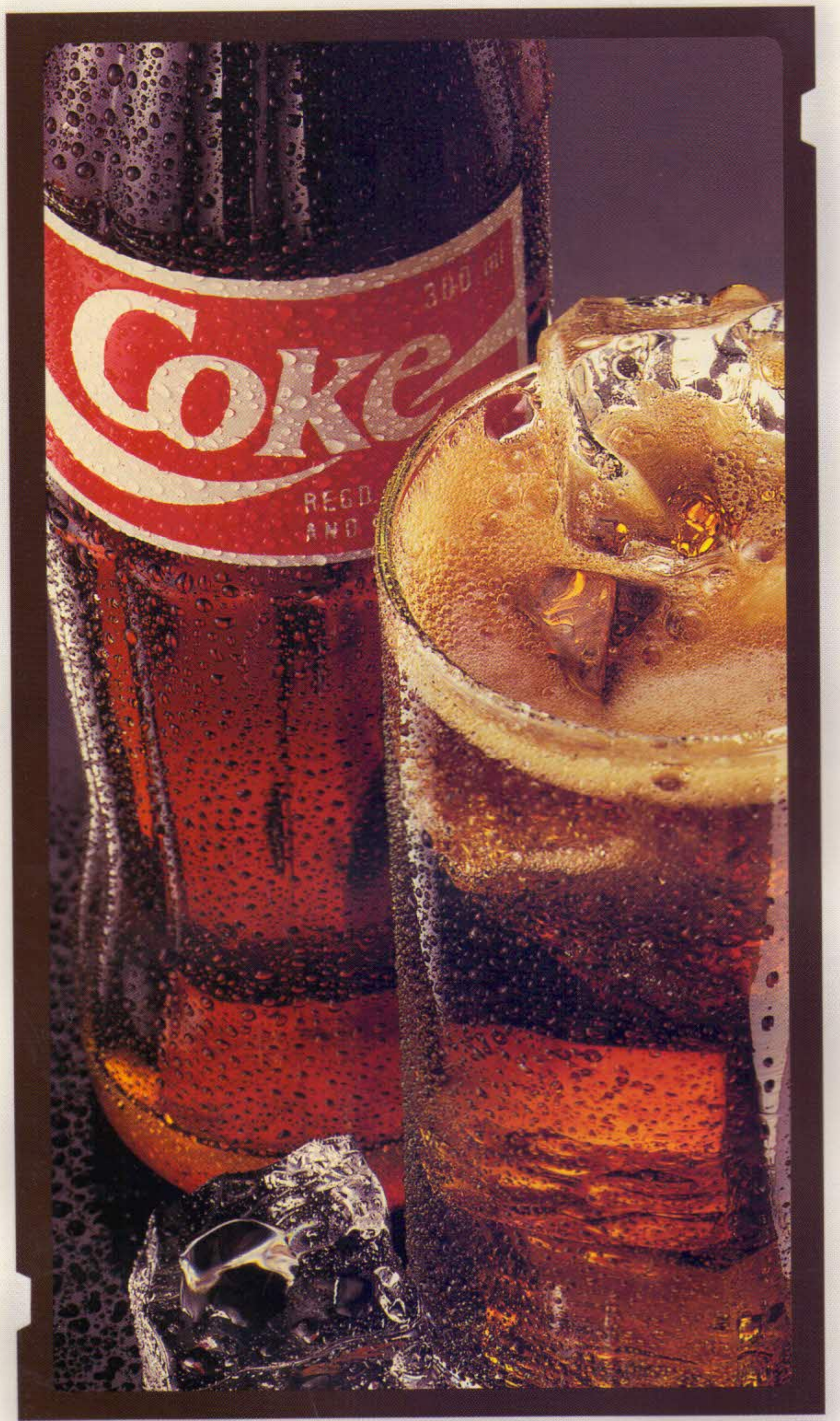



Volumes grew by 6% this year off a very high base last year. Over 4 million hectolitres, a new record, were sold.

Chibuku continues to invest heavily in market and product development. Formulations are geared towards the tastes of different geographical sectors, and are constantly under review. Packaging upgrades and opportunities for automation are continually being assessed.

The repeal of the Monopolies clause in the Liquor Act will level the playing field in markets that were previously inaccessible to Chibuku. It is imperative, however, that excise duty rebates are extended to non-brewing Municipalities to ensure that all authorities and ultimately consumers in the country are treated equitably.

Approximately \$15 million was spent on capital development during the year. A further \$43 million has been budgeted to be spent during the coming year, with over \$33 million aimed at upgrading and expanding facilities.




*United Bottlers -*
*Comprehensive training is vital for the production of products which must comply with world-class specifications.*

# REVIEW OF OPERATIONS

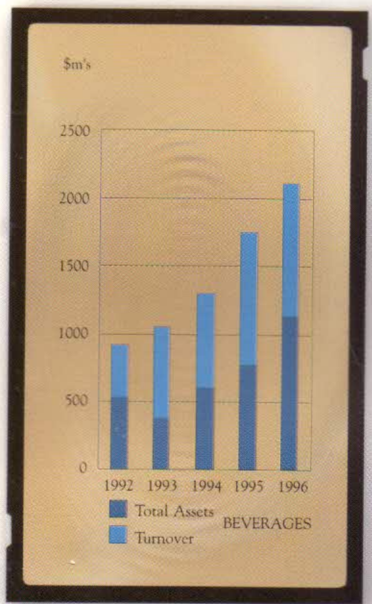
## UNITED BOTTLERS

A depressed economy, coupled with unusually cold weather in December and February, resulted in volumes at United Bottlers declining by 5% from last year.

Various well-received promotions, such as the 'Summer Splash' promotion, were conducted during the year. The highlight of the year was the sponsorship of the All Africa Games.

The division continued to invest in and support its informal sector outlet initiative throughout the year.

Product and packaging developments featured throughout the year. Fanta Still Apple was launched and 46 post-mix or fountain units were installed in various fast food outlets in Harare and Bulawayo. The litre bottle continues to grow its share of the market. Various imported products such as 2 litre PET, 450ml cans and Sparletta cans were also marketed during the year. A major $33 million investment into new packaging was made. This included new full depth plastic crates for 300ml bottles. Whilst the deposit price of these new containers is higher than that of the old wooden ones, the consumer will ultimately benefit from the move as damage to, and breakage of bottles will diminish. This packaging upgrade will be accelerated over the next three years.




During the year $35 million was spent on capital expenditure. Another $45 million has been approved for the coming twelve months and will include a further expansion of the branded cooler base in the market.

# REVIEW OF OPERATIONS

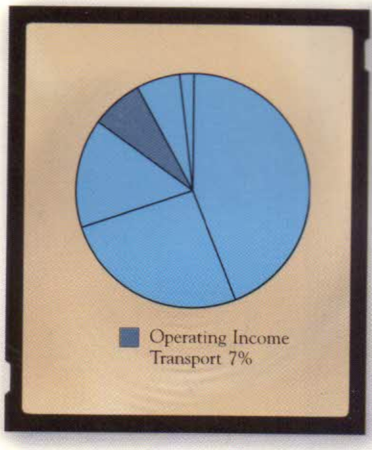

*Driver-training at Natbrew - high standards of road safety and efficient driving are the force behind an effective distribution system.*

# REVIEW OF OPERATIONS

## DELTA DISTRIBUTION

The division manages the Group fleet which primarily services the beverages division. The fleet comprised 310 primary and secondary vehicles and 579 trailers at year end. The fleet has been reduced from last year reflecting, to an extent, lower volumes, but more importantly improved efficiencies.

Continuous research and development in areas such as tyre configurations, tribology tests on engine oils and radio networks, to name a few, have contributed to a very low 2,6% increase on running costs per kilometre from last year.




Whilst a lot of work is done on costs and spares stock containment, opportunities exist in spares procurement, as the market has now become very competitive.

It is sad to report again that driver-error related accidents resulted in substantial human and financial costs.

The successful operation of this division continues to rely on the maintenance of a reasonable fleet age profile. To this end $66 million was spent this year on capital items, of which $53 million related to new fleet vehicles. Part of the latter amount related to the purchase, in advance, of the new financial year's requirements. Capital expenditure in the coming year will be in the region of $18 million.

*The results of on-going research and development are manifest in a countrywide distribution fleet operating at optimum efficiency.*


50 YEARS 1946 - 1996

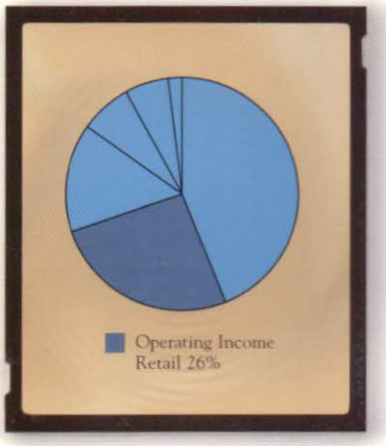

*A sophisticated and service -orientated approach to retailing brings quality products within reach of the community.*

## OK ZIMBABWE

OK Zimbabwe, incorporating Bon Marché, continued focusing on improving and expanding in-store facilities. Upgrades included the introduction of bakeries, take-aways and air-conditioning at more of its stores.

The division achieved real sales growth. The growth was fairly wide-spread, both geographically and by sector. Durable goods sales recovered well in the last few months. Profitability increased at similar levels to turnover.

The 'OK Grand Challenge' promotion, which is undoubtedly the biggest and most exciting promotion on the national calendar, was yet again a resounding success. The retail industry is becoming more and more competitive and there is no doubt that the efforts of OK Zimbabwe have created much of the promotional activity. The ultimate benefactor has been the Zimbabwean consumer as all competitors attempt to attract customers by reducing prices.




This year saw $22 million spent on capital investment. Nearly $60 million will be spent in the coming year of which $43 million relates to expansion projects including some exciting new locations.


*Specialised in-store training improves merchandising and increases shelf off-take*


*In-store sales training at Pelhams instils a higher level of commitment to satisfying customer needs.*

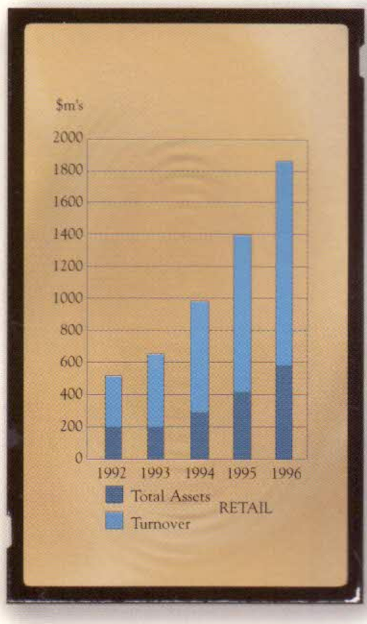
# REVIEW OF OPERATIONS

## PELHAMS

Through its emphasis on customer care and the quality of its merchandise, the Pelhams group of stores achieved exceptional sales growth for the second year in a row.

Whilst growth was experienced country-wide, the largest increases, in percentage terms, were recorded in Matabeleland, Manicaland and the Midlands. The number of stores remained constant throughout the year.

Operating profits, whose growth significantly exceeded the sales growth percentage, were admirable, and have made the division a meaningful part of the Group's portfolio. Innovative promotions and professionalism contributed to this success story.




A lack of products, particularly in the white goods area hampered the division in its ability to achieve its full potential.

The Acorn factory once again made a positive contribution, and enabled the division to offer a fair degree of exclusivity.

The division is currently in the process of securing certain exciting expansion opportunities.

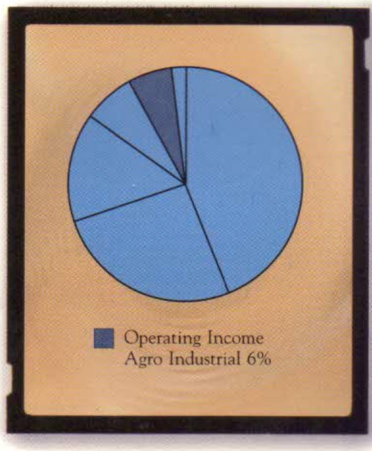
# REVIEW OF OPERATIONS

*Food and Industrial - quality raw materials, the first step to quality finished products.*

# REVIEW OF OPERATIONS

## MALTINGS

Whilst local sales of malt were adversely affected by a reduction in lager beer volumes, this operation achieved full capacity throughout the year.




The export markets were buoyant due to the shortage of barley in the region. Sales were made to South Africa, Swaziland, Lesotho, Zaire, Mozambique, Malawi, Burundi, Botswana and Zambia. Exports surged 88% to over $75 million. This operation was basically responsible for most of the growth in operating income in the Group's agro-industrial division. Repeat orders are largely in place for the new year.

Research into new barley varieties is on-going.

The capacity of the plant will be increased by a third before the end of October 1996.

## FOOD AND INDUSTRIAL PROCESSORS (PVT) LTD

This joint venture company had a difficult year as most of its core customers experienced major reduction in outputs and because maize prices soared to record levels. The company focused on continuous improvement in quality of products and the overall service to customers.

The demise of the textile industry and a last quarter slow-down in the packaging industry resulted in a major drop in starch volumes. The confectionary industry, although also under pressure due to the economic hardships of its customers, helped somewhat with improved glucose sales.

The year ahead should result in a fair recovery in performance. $12 million will be spent in capital expenditure during the new financial year.

## RUWA AGRO INDUSTRIES

Previously this division was known as Regional Beverage Interests. The majority of its operations are based at Ruwa Growth Point.

Due to depressed volumes in the beverages division, crate orders to Megapak were lower than last year. This joint venture operation has, however, started to receive promising enquiries and repeat orders from countries to the north. The operation will also be expanding into other plastic production methodologies, to reduce its reliance on what is essentially a long life rigid plastic base of products.

Bevcool provided group companies and other customers with improved refrigeration-cooler units. Research and development is continuous and two of the units are currently under test by Coca-Cola in Germany. During the year the quality upgrade of products was continuous.

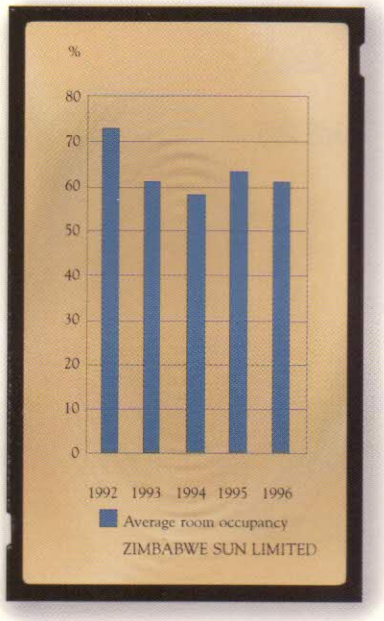
The Delta Engineering Training Centre continues to make a positive contribution, and its high level of apprentice training is a very important source of skills for the Group.

*The new-look foyer of the Crowne Plaza - visual evidence of the on-going development programme of the Zimbabwe Sun Group.*

# REVIEW OF OPERATIONS

## ZIMBABWE SUN LIMITED

Tourist arrivals into the region and Zimbabwe continued to show a positive trend during the year. This helped to offset a drop off in arrivals from the local and regional sectors.



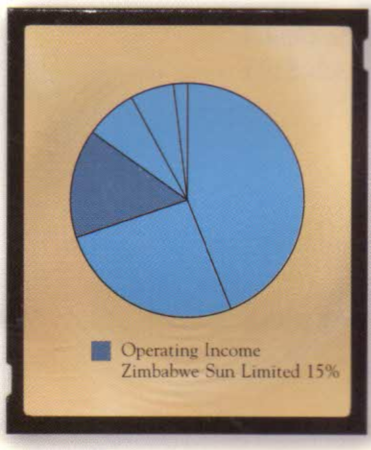

Turnover increased by 25% and translated to a 37% increase in earnings attributable to shareholders, due mainly to a favourable financing position.

This growth came about through a favourable shift in the mix of arrivals with the international sector contributing 33% against 25% in 1995. The local arrivals fell from 50% to 46% during the year. The improvement in the sales mix is an encouraging trend for the future.

Although arrivals were up 3% on 1995, reduced lengths of stay resulted in occupancies dropping to 60,5%.

Growth was further tempered by extensive refurbishment and redevelopment of Monomatapa Hotel, which is now part of the elite Holiday Inn Crowne Plaza stable, and the Victoria Falls Hotel, which was closed during the last quarter.

A lot of work has gone into enhancing the marketing effort and its requisite collateral, and also into improving the service base and reservation systems. The operation has embarked on upgrading its information systems and during the course of the coming year all units will be on-line with central reservations.




A total of $180 million was spent on capital development during the year. A similar amount has been budgeted for the new year.

The encouraging trends in international arrivals, together with an anticipated recovery in the local sector augur well for the hotel industry in the months ahead.

50 YEARS 1946 - 1996

# REPORT OF THE DIRECTORS

The Directors present their Forty-Ninth Annual Report and the Audited Financial Statements of the Group for the Year ended 31 March 1996.

## YEAR'S RESULTS

| | | | $000's |
|---|---|---|---|
| Earnings Attributable to Shareholders | | | 389 087 |
| Dividends | | | |
| Interim: | 15,3 cents per share paid December 1995 | (39 595) | |
| Final: | 50,1 cents per share payable August1996 | (129 725) | |
| Total: | 65,4 cents per share (1995: 50,3 cents) | | (169 320) |
| Retained Income for the Year | | | 219 767 |

## FIXED ASSETS

Capital expenditure for the year to 31 March 1996 totaled $357 million. The capital expenditure for the year to March 1997 is planned at $495 million, of which $105 million has been committed.

## INVESTMENTS

*AFRICAN DISTILLERS LIMITED*

The Corporation continues to hold an effective 15% interest in this company which is a leading producer and marketer of wines and spirits in Zimbabwe.

*FOOD AND INDUSTRIAL PROCESSORS (PRIVATE) LIMITED*

The Corporation holds a 51% interest in this company which was formerly an operating division of the Group. The company manufactures starch, glucose syrups, lactic acid and other products.

# REPORT OF THE DIRECTORS

## SHARE CAPITAL

At 31 March 1996, the authorised share capital of the company remained unchanged at $45 000 000 and now comprises 300 000 000 ordinary shares of 15 cents each. The issued share capital has increased by the issue of 340 600 ordinary shares in accordance with the share option schemes. Accordingly, this is now recorded at $38 840 000 while the share premium now totals $200 880 000. The number of ordinary shares currently under option total 5 168 100.

## SCRIP IN LIEU OF DIVIDEND

For the first time shareholders will be given an opportunity to receive their final dividend payable out of profits for year to 31 March 1996 in scrip or in cash.

The offer is being made because, in the opinion of the Board of Directors, this is in the long term interest of the company and its shareholders. The raising of funding by this method will increase shareholders' wealth as well as creating an opportunity for shareholders to obtain a premium share at a discounted price.

## RESERVES

The movement in the Reserves of the company are shown in the Income Statement and in the Notes to the Financial Statements.

## DIRECTORS

In accordance with Article 107 of the Articles of Association,
Mrs. A. L. Makwavarara, A. S. Nyamatore and T. N. Sibanda retire by rotation.
Mr. S. H. Musesengwa will retire at the conclusion of his interim appointment. Being eligible they all offer themselves for re-election.

## AUDITORS

Members will be asked to appoint Deloitte and Touche as Auditors to the company for the ensuing year.

## BY ORDER OF THE BOARD

| | | |
|---|---|---|
| DR. S.C. MUNDAWARARA | J.P. ROONEY | H.D. GAITSKELL |
| Chairman | Group Chief Excutive | Company Secretary |

17 May 1996

50 YEARS 1946 - 1996

# CORPORATE GOVERNANCE AT DELTA AND IN THE DELTA GROUP

## THE DELTA CODE

Delta personnel are committed to a long-published code of ethics. This incorporates the Group's operating, financial and behavioural policies in a set of integrated values, including the ethical standards required of members of the Delta family in the interface with one another and with all stakeholders. There are detailed policies and procedures in place accross the Group covering the regulation and reporting of transactions in securities of Group companies by directors and officers. The Code is applicable to the Company and its subsidiaries.

## STAKEHOLDERS

For many years Delta has formalised its stakeholder philosophy and introduced structures of corporate governance to manage the interface with the various stakeholder groups. Delta has in place throughout the Group, responsive systems of governance and practice which the Board and management regard as entirely appropriate.

Delta applies various participative practices in its relationships with non-management employees, primarily in respect of operating matters and plans, on the basis of mutual information sharing.

## DIRECTORATE

The Boards of Directors of Delta, its operating subsidiaries and divisions are constituted with an equitable ratio of executive to non-executive directors and meet at least quarterly. The Delta Board is chaired by the Non-Executive Chairman.

## THE AUDIT COMMITTEE

The Audit Committee of the Board deals, inter alia, with financial and treasury policy matters to be recommended to the Board, and is concerned with compliance and internal control. It is regulated by specific terms of reference, is chaired by a non-executive director, has a majority of non-executive directors and incorporates the Group Chief Executive and an Executive Director as executive members. It meets periodically with the Company's external auditors to discuss accounting, auditing, internal control and financial reporting matters. The external auditors have unrestricted access to the Audit Committee and, in turn, receive detailed examination reports from the auditors of the Group's subsidiaries.

The Audit Committee composition, leadership and responsibility is continued in its quoted subsidiary.

## THE GENERAL PURPOSES COMMITTEE

Delta's General Purposes Committee is responsible for making recommendations to the Board on all major policy issues, including investment and disinvestment proposals and Board appointments. It is constituted and chaired by non-executive directors, save for the membership of the Group Chief Executive. It also acts as a Remuneration Committee in accordance with the Board's written terms of reference, to measure, compare and review the remuneration of all Delta directors and senior executives of the Group.

# ACCOUNTING PHILOSOPHY

The Group is dedicated to achieving meaningful and responsible reporting through the comprehensive disclosure and explanation of its financial results. This is done to assist objective corporate performance measurement, to enable returns on investment to be assessed against the risks inherent in their achievement and to facilitate appraisal of the full potential of the Group.

The core determinant of meaningful presentation and disclosure of information is its validity in supporting management's decision making process. While the accounting philosophy encourages the pioneering of new techniques, it fully endorses the fundamental concepts underlying both the financial and management accounting disciplines, as enunciated by The International Federation of Accountants, The International Accounting Standards Committee and The Institute of Chartered Accountants of Zimbabwe.

The Group is committed to regular review of accounting standards and to the development of new and improved accounting practices. This is done to ensure that the information reported to the management and stakeholders of the Group continues to be internationally comparable, relevant and reliable.

*The bottling line at United Bottlers - a high level of training ensures better quality control.*

50 YEARS 1946 - 1996

# DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

Delta's directors are required by the Companies Act to maintain adequate accounting records and to prepare financial statements for each financial year which fairly present the state of affairs of the Company and the Group at the end of the financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed, suitable accounting policies have been used, and applied consistently, except as indicated in the note on changes in accounting policies, and reasonable and prudent judgements and estimates have been made. The financial statements incorporate full and responsible disclosure in line with the stated accounting philosophy of the Group on page 39.

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 March 1997. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that Delta is a going concern and have continued to adopt the going concern basis in preparing the financial statements. The Group's external auditors, Deloitte & Touche, have audited the financial statements and their unqualified report appears on page 42.

The Board recognises and acknowledges its responsibility for the Group's system of internal financial control. Delta's policy on business conduct, which covers ethical behavior, compliance with legislation and sound accounting practice, underpins the Group's internal financial control process. The control system includes written accounting and control policies and procedures, clearly defined lines of accountability and delegation of authority, and comprehensive financial reporting and analysis against approved budgets. The responsibility for operating the system is delegated to the executive directors who confirm that they have reviewed its effectiveness. They consider that it is appropriately designed to provide reasonable, but not absolute, assurance that assets are safeguarded against material loss or unauthorised use and

*Mandel Training Centre - the nerve centre of Delta's diverse training programme.*

# DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

that transactions are properly authorised and recorded. The effectiveness of the internal financial control system is monitored through management reviews, representation letters on compliance signed by the Managing Director of each major entity together with comprehensive program of internal audits. In addition, the Group's external auditors review and test appropriate aspects of the internal financial control systems during the course of their statutory examinations of the Company and the underlying subsidiaries.

The Group's various Audit Committees have met the external auditors to discuss their reports on the results of their work, which include assessments of the relative strengths and weaknesses of key control areas. While in a growing group of the size, complexity and diversity of Delta, it may be expected that occasional breakdowns in established control procedures may occur, no breakdowns involving material loss have been reported to the directors in respect of the year under review.

The financial statements for the year ended 31 March 1996 and which appear on pages 43 to 71, have been approved by the Board of Directors and are signed on its behalf by:

| | |
|---|---|
| DR. S.C. MUNDAWARARA | J.P. ROONEY |
| Chairman | Group Chief Executive |

Harare
17 May 1996

50 YEARS 1946 - 1996

# GROUP ANNUAL FINANCIAL STATEMENTS

## REPORT OF THE INDEPENDENT AUDITORS

We have audited the financial statements set out on pages 43 to 71. The financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing which require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, the assessment of the accounting principles used and significant estimates made by management, and the evaluation of the overall financial statement presentation.

In our opinion the financial statements are properly drawn up in accordance with the provisions of the Companies Act (Chapter 190) and are in conformity with International Accounting Standards as adopted for use in Zimbabwe, so as to give, in all material respects, a true and fair view of the state of the affairs of the company and of the Group as at 31 March 1996 and of the net income and group cash flow for the financial year ended on that date.

Deloitte & Touche

**Deloitte & Touche**

Chartered Accountants (Zimbabwe)
Harare, Zimbabwe, 17 May 1996

# INCOME STATEMENTS

## FOR THE YEARS ENDED 31 MARCH

| | Notes | GROUP 1996 $000's | 1995 $000's |
|---|---|---|---|
| **Turnover** | 4 | 4 719 926 | 3 681 438 |
| **Operating income** | 5 | 626 135 | 567 744 |
| Financing costs | 6 | (97 703) | (128 074) |
| Equity accounted earnings | | 5 544 | 3 309 |
| | | 533 976 | 442 979 |
| Taxation | 7 | (107 109) | (109 681) |
| **Income after taxation** | | 426 867 | 333 298 |
| Attributable to outside shareholders | | (37 780) | (34 351) |
| **Earnings attributable to shareholders** | | 389 087 | 298 947 |
| Dividends | 8 | (169 320) | (130 072) |
| Retained earnings for the year | 13 | 219 767 | 168 875 |
| Retained earnings for the year attributable to : | | | |
| Company | | 103 287 | 7 596 |
| Subsidiaries | | 113 287 | 159 283 |
| Associated companies and joint ventures | | 3 193 | 1 996 |
| | | 219 767 | 168 875 |
| **Earnings per share (cents)** | | | |
| - attributable earnings basis | 2.6 | 150,4 | 115,6 |
| - cash equivalent earnings basis | 2.7 | 191,4 | 143,4 |
| **Dividends per share (cents)** | 8 | 65,4 | 50,3 |

50 YEARS 1946 - 1996

# CASH FLOW STATEMENTS

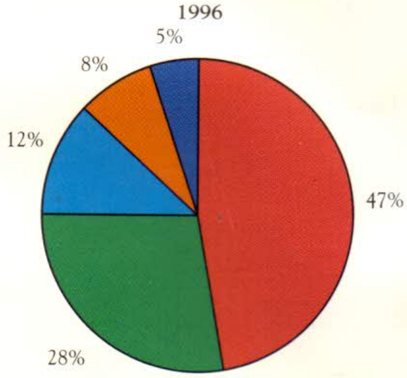
FOR THE YEARS ENDED 31 MARCH

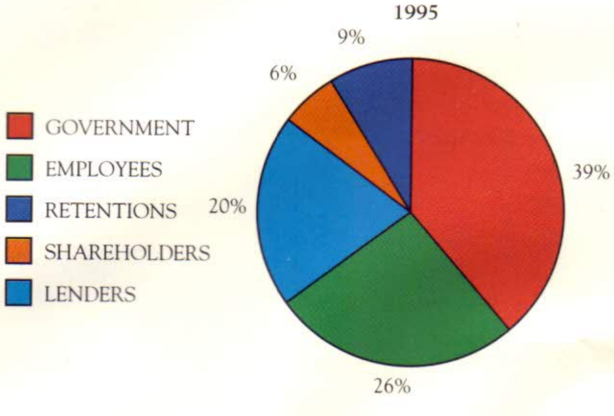
| | Notes | GROUP 1996 $000's | GROUP 1995 $000's |
|---|---|---|---|
| **Cash retained from operating activities** | | | |
| Cash generated from trading | 9.1 | 731 543 | 637 579 |
| Utilised to increase working capital | 9.2 | (158 968) | (40 027) |
| Cash generated from operating activities | | 572 575 | 597 552 |
| Financing costs | | (97 703) | (128 074) |
| Taxation paid | 9.3 | (89 380) | (47 253) |
| **Cash flow from operations** | | 385 492 | 422 225 |
| Dividends paid | 9.4 | (153 222) | (104 944) |
| **Net cash retained** | | 232 270 | 317 281 |
| **Cash utilised in investment activities** | | | |
| Investment to maintain operations | | | |
| Replacement of fixed assets | | (209 420) | (177 858) |
| Proceeds on disposal of fixed assets and investments | | 15 806 | 31 464 |
| | | (193 614) | (146 394) |
| Investment to expand operations | | | |
| Fixed asset additions | | (163 651) | (163 606) |
| Asset acquisition - new operations | | | (19 325) |
| Increase in loans and investments | | (10 340) | (8 965) |
| | | (173 991) | (191 896) |
| **Net cash invested** | | (367 605) | (338 290) |
| | | (135 335) | (21 009) |
| **Financing activities** | | | |
| Increase in borrowings | | 159 268 | (24 082) |
| Increase in cash | | (39 874) | 12 827 |
| Increase in shareholder funding | 9.5 | 15 941 | 32 264 |
| **Net financing raised** | | 135 335 | 21 009 |
| Cash flow per share (cents) | 2.8 | 135,8 | 146,4 |
| Cash flow from operations to net interest bearing debt | | 71% | 100% |

# CASH VALUE ADDED STATEMENTS

FOR THE YEARS ENDED 31 MARCH

| | GROUP | |
|---|---|---|
| | 1996 | 1995 |
| | $000's | $000's |
| **Cash generated** | | |
| Cash derived from sales | 4 566 011 | 3 588 792 |
| Income from investments | 926 | 605 |
| Cash value generated | 4 566 937 | 3 589 397 |
| Cash payments outside the Group to suppliers of materials, facilities & services | (2 647 175) | (2 003 968) |
| Cash value added | 1 919 762 | 1 585 429 |
| **Cash utilised to :** | | |
| Remunerate employees for their services | 527 100 | 407 990 |
| Pay income, sales and excise taxes to Government | 902 606 | 618 435 |
| Provide lenders with a return on monies borrowed | 104 564 | 136 779 |
| Provide shareholders with a reward for the use of their risk capital | 153 222 | 104 944 |
| **Cash disbursed among stakeholders** | 1 687 492 | 1 268 148 |
| Cash retained to fund the replacement of assets, facilitate further growth and repay lenders | 232 270 | 317 281 |



# BALANCE SHEETS

AT 31 MARCH

| | Notes | GROUP 1996 $000's | GROUP 1995 $000's | COMPANY 1996 $000's | COMPANY 1995 $000's |
|---|---|---|---|---|---|
| **Shareholders' funds** | | | | | |
| Share capital | 10 | 38 840 | 38 789 | 38 840 | 38 789 |
| Share premium | 11 | 200 880 | 197 970 | 200 880 | 197 970 |
| Non-distributable reserves | 12 | 9 007 | 5 465 | | |
| Distributable reserves | 13 | 953 004 | 732 719 | 324 615 | 221 328 |
| **Shareholders' equity** | | 1 201 731 | 974 943 | 564 335 | 458 087 |
| Outside shareholders' interests in subsidiaries | | 283 405 | 246 415 | | |
| **Total shareholders' funds** | | 1 485 136 | 1 221 358 | 564 335 | 458 087 |
| Tax equalisation | | 91 685 | 77 735 | | |
| | | 1 576 821 | 1 299 093 | 564 335 | 458 087 |
| **Interest bearing debt** | | | | | |
| Long term financing | 14 | 100 611 | 149 040 | | |
| Short term borrowings | 14 | 488 417 | 280 720 | | |
| | | 589 028 | 429 760 | | |
| **Total capital employed** | | 2 165 849 | 1 728 853 | 564 335 | 458 087 |
| **Fixed assets** | | | | | |
| Properties, plant, equipment and vehicles | 15 | 1 758 659 | 1 499 258 | | |
| Investments, loans and trademarks | 16 | 101 299 | 91 061 | 53 822 | 45 814 |
| Interest in subsidiaries | 17 | | | 510 215 | 419 102 |
| | | 1 859 958 | 1 590 319 | 564 037 | 464 916 |
| **Current assets** | | | | | |
| Stocks | 18 | 504 410 | 450 516 | | |
| Debtors | 19 | 640 707 | 418 131 | 130 225 | 92 929 |
| Short term loans | | 9 452 | 6 186 | | |
| Bank balances | | 47 761 | 7 887 | | |
| | | 1 202 330 | 882 720 | 130 225 | 92 929 |
| **Total assets** | | 3 062 288 | 2 473 039 | 694 262 | 557 845 |
| **Interest free liabilities** | | | | | |
| Creditors | 20 | 678 186 | 557 418 | 201 | 139 |
| Taxation | | 88 528 | 87 210 | 1 | 61 |
| Dividends payable | | 129 725 | 99 558 | 129 725 | 99 558 |
| | | 896 439 | 744 186 | 129 927 | 99 758 |
| **Total employment of capital** | | 2 165 849 | 1 728 853 | 564 335 | 458 087 |

# FIVE YEAR FINANCIAL REVIEW

| GROUP | 5 Year Compound Growth %p.a. | 1996 $m's | 1995 $m's | 1994 $m's | 1993 $m's | 1992 $m's |
|---|---|---|---|---|---|---|
| **CONSOLIDATED INCOME STATEMENTS** | | | | | | |
| Turnover | 30,6 | 4 720 | 3 681 | 2 654 | 2 013 | 1 681 |
| **Taxed operating income** | 35,4 | 486 | 408 | 303 | 210 | 167 |
| Taxed interest payable | 73,2 | (59) | (74) | (72) | (50) | (11) |
| **Income after taxation** | 32,9 | 427 | 334 | 231 | 160 | 156 |
| Outside shareholders | | (38) | (35) | (18) | (9) | (20) |
| **Earnings attributable to ordinary shareholders** | 33,7 | 389 | 299 | 213 | 151 | 136 |
| Dividends | 31,9 | (169) | (130) | (86) | (61) | (56) |
| Retained income | 35,2 | 220 | 169 | 127 | 90 | 80 |
| **CONSOLIDATED BALANCE SHEETS** | | | | | | |
| Shareholders' equity | 28,5 | 1,202 | 975 | 804 | 522 | 423 |
| Outside shareholders | | 283 | 246 | 180 | 164 | 103 |
| **Total shareholders' funds** | 27,8 | 1 485 | 1 221 | 984 | 686 | 526 |
| Tax equalisation | | 92 | 78 | 65 | 55 | 50 |
| Interest-bearing debt | 37,0 | 589 | 430 | 454 | 376 | 347 |
| **Capital employed** | 30,4 | 2 166 | 1 729 | 1 503 | 1 117 | 923 |
| **Assets** | | | | | | |
| Long term | | 1 860 | 1 590 | 1 310 | 1 007 | 791 |
| Current | | 1 202 | 883 | 699 | 474 | 434 |
| **Total Assets** | 31,6 | 3 062 | 2 473 | 2 009 | 1 481 | 1 225 |
| Interest-free liabilities | 34,7 | (896) | (744) | (506) | (364) | (302) |
| **Employment of capital** | 30,4 | 2 166 | 1 729 | 1 503 | 1 117 | 923 |

# FIVE YEAR FINANCIAL REVIEW

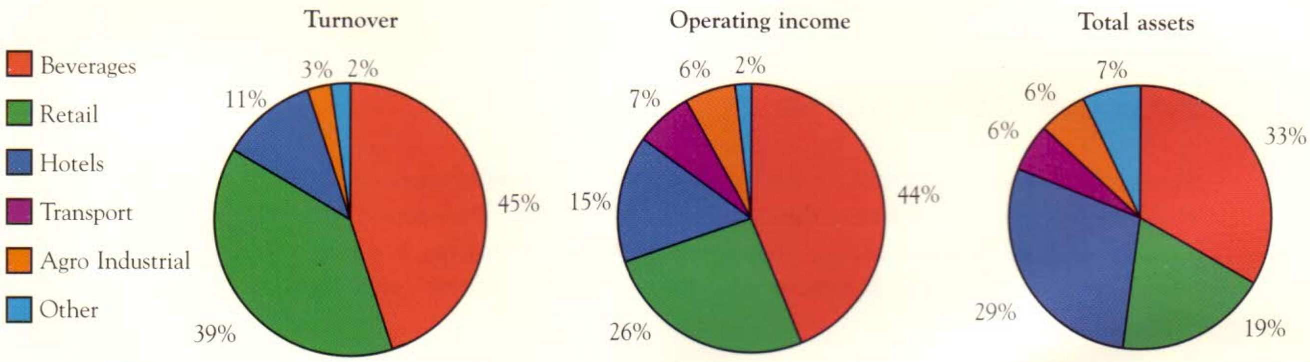
GROUP STATISTICS

| | 1996 | 1995 | 1994 | 1993 | 1992 |
|---|---|---|---|---|---|
| *SHARE PERFORMANCE* | | | | | |
| **Per share (cents)** | | | | | |
| Attributable earnings | 150 | 116 | 87 | 63 | 57 |
| Cash equivalent earnings | 191 | 143 | 110 | 85 | 79 |
| Dividends | 65 | 50 | 34 | 25 | 24 |
| Cash flow | 136 | 146 | 81 | 87 | 60 |
| Net asset value | 464 | 377 | 311 | 216 | 175 |
| Closing market price | 2 150 | 1 000 | 1 250 | 220 | 280 |
| ZSE industrial index | 4 829 | 2 942 | 3 465 | 971 | 1 258 |
| **Share information** | | | | | |
| In issue (000's) | 258 932 | 258 592 | 258 392 | 241 297 | 241 297 |
| Market capitalisation ($m's) | 5 567 | 2 586 | 3 230 | 531 | 676 |
| Trading volume (000's) | 43 470 | 7 850 | 18 900 | 6 490 | 2 090 |
| Trading percentage | 16,8 | 3,0 | 7,7 | 2,7 | 0,9 |
| *RATIOS AND RETURNS* | | | | | |
| **Profitability** | | | | | |
| Return on equity (%) | 32,4 | 30,7 | 26,5 | 29,0 | 32,3 |
| Income after taxation to total capital employed (%) | 19,7 | 19,3 | 15,4 | 14,4 | 16,9 |
| Taxed operating return (%) | 22,4 | 23,6 | 20,1 | 18,8 | 18,1 |
| Pretax return on total assets (%) | 17,4 | 17,9 | 14,5 | 15,1 | 18,1 |
| **Solvency** | | | | | |
| Long term debt to total shareholders' funds (%) | 6,8 | 12,2 | 9,1 | 10,4 | 13,5 |
| Financial gearing ratio (%) | 36,4 | 34,5 | 44,0 | 54,1 | 62,3 |
| Interest cover (times) | 6,0 | 4,2 | 3,2 | 2,4 | 5,6 |
| Total liabilities to total shareholders' funds (%) | 106,2 | 102,5 | 104,2 | 115,9 | 132,9 |
| **Liquidity** | | | | | |
| Current assets to interest free liabilities & short term borrowings | 0,9 | 0,9 | 0,8 | 0,7 | 0,8 |
| **Productivity** | | | | | |
| Turnover per employee ($000's) | 357 | 276 | 206 | 176 | 137 |
| **Other** | | | | | |
| Number of employees | 13 232 | 13 347 | 12 860 | 11 411 | 12 293 |
| Number of shareholders | 1 318 | 1 267 | 1 269 | 1 276 | 1 335 |
| **Had the Group continued revaluing operating fixed assets, key statistics would have been:** | | | | | |
| Net asset value (cents per share) | 775 | 582 | 479 | 439 | 347 |
| Financial gearing ratio (%) | 23,6 | 23,8 | 30,2 | 29,9 | 34,8 |
| Taxed operating return (%) | 15,0 | 16,2 | 13,5 | 10,8 | 10,7 |

# FIVE YEAR FINANCIAL REVIEW

## SEGMENTAL

| | 5 Year Compound Growth %p.a. | 1996 $m's | 1995 $m's | 1994 $m's | 1993 $m's | 1992 $m's |
|---|---|---|---|---|---|---|
| **Turnover** | | | | | | |
| Beverages | | 2 113 | 1 747 | 1 293 | 1 057 | 911 |
| Retail | | 1 862 | 1 397 | 979 | 661 | 524 |
| Hotels | | 506 | 404 | 296 | 236 | 198 |
| Agro-Industrial | | 149 | 94 | 64 | 51 | 42 |
| Miscellaneous | | 90 | 39 | 22 | 8 | 6 |
| Group | 30,6 | 4 720 | 3 681 | 2 654 | 2 013 | 1 681 |
| **Operating income** | | | | | | |
| Beverages | | 272 | 272 | 210 | 157 | 96 |
| Retail | | 165 | 113 | 67 | 40 | 42 |
| Hotels | | 96 | 88 | 63 | 47 | 46 |
| Transport | | 43 | 45 | 45 | 39 | 26 |
| Agro-Industrial | | 37 | 22 | 16 | 21 | 20 |
| Miscellaneous | | 13 | 28 | 12 | 8 | 8 |
| Group | 36,7 | 626 | 568 | 413 | 312 | 238 |
| **Total assets** | | | | | | |
| Beverages | | 1 020 | 898 | 739 | 468 | 352 |
| Retail | | 569 | 401 | 288 | 197 | 188 |
| Hotels | | 899 | 720 | 620 | 568 | 448 |
| Transport | | 180 | 142 | 120 | 92 | 89 |
| Agro-Industrial | | 182 | 159 | 117 | 82 | 65 |
| Miscellaneous | | 212 | 153 | 125 | 74 | 81 |
| Group | 31,6 | 3 062 | 2 473 | 2 009 | 1 481 | 1 223 |



# NOTES TO THE FINANCIAL STATEMENTS

## 1. ACCOUNTING POLICIES

The principal accounting policies of the Group, which are set out below, conform with the standards issued by the International Accounting Standards Committee. These policies are, in all material respects, consistent with those applied in the previous year except as detailed in note 3 in respect of the changes in the basis of accounting.

The Financial Statements are prepared in accordance with the historical cost convention. Procedures are not adopted to reflect the impact on the Financial Statements of specific price changes, or changes in the general level of prices.

### 1.1 BASIS OF CONSOLIDATION AND GOODWILL

The Consolidated Financial Statements consist of the Financial Statements of Delta Corporation Limited and its subsidiaries, together with the appropriate share of post acquisition results and reserves of its associated companies and joint ventures. All companies' financial years end on 31 March. The results and reserves of subsidiaries, associated companies and joint ventures are included from the effective dates of acquisition up to the effective dates of disposal.

Goodwill or non-distributable reserve arising on acquisition of subsidiaries, associated companies and joint ventures are amortised on a straight line basis over a period not exceeding five years unless the future economic benefit warrants a longer period, which shall not exceed twenty years.

### 1.2 INTEREST IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Provision is made in the Financial Statements of the parent company, when considered necessary, for any diminution below carrying value in the book amount of net assets of its subsidiaries, associated companies and joint ventures. These provisions are released as and when the amounts are restored.

### 1.3 FOREIGN CURRENCIES

Foreign assets and liabilities of the Group are converted to Zimbabwe currency at the rates of exchange ruling at the end of the financial year. Transaction and translation gains or losses arising on conversion or settlement are normally dealt with in the income statement in the determination of the operating income.

## 1.4 CAPITALISATION OF FINANCING COSTS AND EXCHANGE DIFFERENCES

Financing costs and exchange differences which relate to funds raised specifically for the acquisition of fixed assets are capitalised up to the date of commissioning of the asset. In addition, exchange differences which result from a major currency realignment and relate to the recent acquisition of an asset are capitalised.

## 1.5 PROPERTIES, PLANT, EQUIPMENT AND VEHICLES

Properties, plant, equipment and vehicles are stated at cost less applicable depreciation.

Depreciation is not provided on freehold land and capital projects under development. Other fixed assets are depreciated on such bases as are deemed appropriate to reduce book amounts to estimated residual values over their useful lives, as follows:-

| | Method | Period |
|---|---|---|
| Buildings: | | |
| Freehold | Straight Line | 60 years |
| Leasehold | Straight Line | Over Lease |
| Plant and Equipment: | Reducing Balance and Straight Line | 5 - 25 years |
| Vehicles: | Straight Line | 4 - 10 years |

Surpluses or deficits arising on the disposal of properties, plant and equipment are dealt with in the operating income for the year.

## 1.6 DONATED ASSETS RECEIVED

Donated assets received are capitalised at fair value in the Financial Statements. The equivalent amounts are included in non-distributable reserves and amortised to distributable reserves over the effective useful lives of the assets.

## 1.7 INVESTMENTS, LOANS AND TRADEMARKS

Investments in associated companies are stated at cost. Account is taken in the consolidated Financial Statements of the Group's share of post acquisition results and distributable reserves.

Unquoted investments and trademarks are shown at cost unless the directors are of the opinion, that there has been a permanent diminution in value, in which case provision is made and charged to operating income.

## 1.8 STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost is determined on the following bases:

Merchandise, raw materials and consumable stores are valued at cost on a first in first out basis.

Manufactured finished products and products in process are valued at raw material cost, plus labour and a portion of manufacturing overhead expenses, where appropriate.

Returnable containers which comprise bottles and crates, are considered to be current assets which are sold and repurchased at current deposit prices. There is an obligation to repurchase all bottles and crates which are suitable for re-use. The difference between the purchase prices of new returnable containers and the related current deposit prices is included in stock. The difference, in so far as it is not met by future deposit price increases, is taken to income statement in the four years following the year of purchase. Returnable plastic bottles have a short useful life and accordingly changes in the valuation of these containers are charged to income statement as they arise. The value of any returnable containers scrapped is charged to income statement.

## 1.9 TURNOVER

Turnover comprises retail sales, fees, rentals and investment income. Retail sales include excise, sales tax and finance charges. Intra-group turnover which arises in the normal course of business is excluded from Group turnover.

## 1.10 DEFERRED TAXATION

Deferred taxation arising from temporary differences between the income reflected in the Financial Statements and taxable income is provided on those amounts expected to become payable in the foreseeable future. The amount not provided for on the full liability basis is shown as a contingent liability.

Tax allowances on major capital expenditure can severely distort the tax charge as between one year and another. Having regard to the likely average effective rate of tax over time, it is considered appropriate to utilise a tax equalisation charge or credit to bring the current effective tax rate into line with the anticipated average over time.

# NOTES TO THE FINANCIAL STATEMENTS

## 1.11 INSTALMENT SALES

Interest on instalment sales is accounted for over the period of settlement.

Other income on instalment sales is accounted for in the year of the sale.

Included in debtors are amounts in respect of instalment sales which will be collected over a period in excess of one year.

## 1.12 INCOME FROM EXTENDED RESERVATIONS

The extended reservation system involves the advance sale of time modules of apartments owned by a Group company for use during the next twenty five years. At the end of this period all rights in the apartments revert to the company.

Profits are taken to account when a time module sale contract is concluded.

## 1.13 RETIREMENT BENEFIT COSTS

Retirement benefits are provided for Group employees through various independently administered defined contribution or defined benefit funds, including the National Social Security Authority.

With the Group's own defined benefit fund, contributions are charged to the income statement so as to spread the cost of pension over the employees' working lives within the Group. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs.

The cost of retirement benefits applicable to the National Social Security Authority, which commenced operations on 1 October 1994, is determined by the systematic recognition of legislated contributions.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. DEFINITIONS

### 2.1 TAXED INTEREST PAYABLE

This is calculated by taxing interest payable at the standard rate of taxation.

### 2.2 INTEREST COVER (TIMES)

This is the ratio which operating income plus equity accounted earnings bears to interest payable.

### 2.3 NET ASSETS

These are equilavent to shareholders' equity.

### 2.4 PRETAX RETURN ON TOTAL ASSETS

This is calculated by relating to closing total assets, operating income plus dividend income and equity accounted earnings.

### 2.5 TAXED OPERATING RETURN

This is calculated by relating to closing net assets, income after taxation plus taxed interest payable.

### 2.6 EARNINGS PER SHARE

The calculations are based on the earnings attributable to ordinary shareholders before extraordinary items. Account is taken of the number of shares in issue for the period during which they have participated in the income of the Group. The divisor is: 258 699 957 (1995 - 258 536 890).

### 2.7 CASH EQUIVALENT EARNINGS

The basis recognises the potential of the earnings stream to generate cash and is consequently an indicator of the underlying quality of the earnings attributable to shareholders. The same divisor is used as in the attributable earnings basis and the cash equivalent earnings is derived as follows :-

| | 1996 $000's | 1995 $000's |
|---|---|---|
| Earnings attributable to shareholders | 389 087 | 298 947 |
| Adjusted for: | | |
| Non-cash items | 105 408 | 69 835 |
| Equity accounted retained earnings | (3 083) | (1 996) |
| Tax equalisation | 13 950 | 12 335 |
| Less: Minority share of adjustments | (10 290) | (8 263) |
| Cash equivalent earnings | 495 072 | 370 858 |
| Cash equivalent earnings per share (cents) | 191,4 | 143,4 |

## 2.8 CASH FLOW PER SHARE

This focuses on the cash stream actually achieved in the period under review. It is calculated by dividing the cash flow from operations after excluding the proportionate minority interest therein, by the weighted average number of ordinary shares in issue.

## 2.9 FINANCIAL GEARING RATIO

This represents the ratio of interest bearing debt, less cash, to total shareholders' funds.

## 3. CHANGES IN THE BASIS OF ACCOUNTING

## 3.1 FIXED ASSETS, ASSOCIATED COMPANIES AND TRADEMARKS

In order to ensure international comparability, the Group has discontinued its practice of revaluing operating fixed assets to depreciated replacement values and has reverted to the worldwide norm of historic cost accounting, which is the benchmark treatment enunciated in International Accounting Standards. At the same time, the share of revaluation surpluses in associated companies and the revaluation surplus on trademarks have been reversed. The adopted policies have been applied retrospectively and comparative figures have been restated accordingly. The earnings per share comparative value is unaffected by this change, as the Group has consistently reported this statistic on an historic cost basis.

The effects of this change on the Financial Statements for the year ended 31 March 1995 were:-

| | GROUP $000's |
|---|---|
| Decrease in: | |
| Fixed assets | 55 774 |
| Non-distributable reserves | 746 606 |
| Minority interests | 21 629 |
| Associated companies | 11 188 |
| Trademarks | 14 985 |
| Increase in: | |
| Distributable reserves | 216 288 |

Retained income for the year ended 31 March 1995, has increased by $38 082 000 following the reversal of the amortisation of revaluation surplus. Had replacement cost depreciation been provided for in the current year, Group distributable reserves would have been affected by a charge of $40 757 000.

### 3.2 GOODWILL AND NON-DISTRIBUTABLE RESERVE ARISING ON CONSOLIDATION OF SUBSIDIARIES

In terms of the revised International Accounting Standard 22 for Business Combinations, which became operative this year, reserves arising on acquisition are amortised through the income statement over a period of five years.

The effects of this change on the Financial Statements for the year ended 31 March 1995 were :-

| | GROUP $000's |
|---|---|
| **Decrease in:** | |
| Non-distributable reserves | 16 376 |
| **Increase in:** | |
| Distributable reserves | 16 376 |
| Attributable earnings | 642 |

Earnings per share increased by 0,2 cents (0,17%)

# NOTES TO THE FINANCIAL STATEMENTS

## 3.3 CONTAINER STOCKS

In recognition of the changing life profile of returnable containers, the Group has discontinued the immediate writing off of differences arising between the price of new returnable containers purchased and deposit prices, to the extent that these are not met by deposit price increases. The new policy of deferring this write off over four years, recognises the long term nature of these assets and provides better operational flexibility in regard to future container replacement. Had this policy been adopted in the year ended 31 March 1995 earnings per share would have increased by 0,6 cents (0,5%).

## 4. TURNOVER

| | GROUP | |
|---|---|---|
| | 1996 | 1995 |
| | $000's | $000's |
| Sales proceeds | 4 020 419 | 3 267 368 |
| Excise and levies | 632 762 | 462 006 |
| Sales tax | 180 464 | 109 176 |
| Other | 219 191 | 145 523 |
| | 5 052 836 | 3 984 073 |
| Less: intra-group sales | (332 910) | (302 635) |
| | 4 719 926 | 3 681 438 |
| Export sales included above | 382 272 | 225 257 |

## 5. OPERATING INCOME

Operating income is arrived at after taking into account:-

## 5.1 DEPRECIATION OF FIXED ASSETS

| | 1996 | 1995 |
|---|---|---|
| Buildings | 5 763 | 5 131 |
| Plant, equipment and vehicles | 98 273 | 73 636 |
| | 104 036 | 78 767 |

## 5.2 INTEREST RECEIVABLE

| | 1996 | 1995 |
|---|---|---|
| Long term loans | 1 777 | 1 823 |
| Short term loans | 7 561 | 5 217 |
| | 9 338 | 7 040 |

50 YEARS 1946 - 1996

# NOTES TO THE FINANCIAL STATEMENTS

| | GROUP 1996 $000's | GROUP 1995 $000's |
|---|---|---|
| **5.3 EXCHANGE LOSSES** | | |
| Gross amount | 21 263 | 5 054 |
| Less capitalised | | (4 616) |
| | 21 263 | 438 |
| **5.4 COST OF STOCKS RECOGNISED AS AN EXPENSE** | | |
| Gross amount | 2 036 067 | 1 590 488 |
| **6. FINANCING COSTS** | | |
| Long and medium term financing | 19 646 | 34 206 |
| Short term borrowings | 84 918 | 102 573 |
| Gross amount | 104 564 | 136 779 |
| Less capitalised | (6 861) | (8 705) |
| | 97 703 | 128 074 |

## 7. TAXATION

## 7.1 TAXATION CHARGE

| | 1996 $000's | 1995 $000's |
|---|---|---|
| Income tax: | | |
| Holding company and subsidiaries | | |
| Current - standard | 93 331 | 86 892 |
| - drought levy | 4 229 | 4 127 |
| Prior years - standard | (6 862) | 5 014 |
| Associated companies | | |
| Current | 2 461 | 1 313 |
| | 93 159 | 97 346 |
| Tax equalisation | 13 950 | 12 335 |
| | 107 109 | 109 681 |

The estimated tax loss in group companies available to offset future taxable income in those companies amounts to approximately $ 35 000 000 (1995 - $111 000 000).

| | GROUP 1996 % | GROUP 1995 % |
|---|---|---|
| **7.2 RECONCILIATION OF RATE OF TAXATION** | | |
| Standard rate | 39,4 | 42,0 |
| Adjusted for : | | |
| Capital allowances in excess of depreciation | (12,7) | (11,8) |
| Net allowance on instalment debtors | (1,1) | (4,8) |
| Tax equalisation | 2,6 | 2,7 |
| Utilisation of subsidiary tax losses | (5,8) | (2,9) |
| Other adjustments including permanent differences | (2,3) | (0,4) |
| | (19,3) | (17,2) |
| Effective rate | 20,1 | 24,8 |

## 8. DIVIDENDS

| | 1996 cents | 1995 cents | $000's | $000,s |
|---|---|---|---|---|
| Interim | 15,3 | 11,8 | 39 595 | 30 514 |
| Final | 50,1 | 38,5 | 129 725 | 99 558 |
| | 65,4 | 50,3 | 169 320 | 130 072 |

## 9. CASH FLOW INFORMATION

### 9.1 CASH GENERATED FROM TRADING

| | | |
|---|---|---|
| Operating income | 626 135 | 567 744 |
| Depreciation | 104 036 | 78 767 |
| Loss on sale of fixed assets and investments | 257 | (8 382) |
| Other | 1 115 | (550) |
| | 731 543 | 637 579 |

### 9.2 UTILISED TO INCREASE WORKING CAPITAL

| | | |
|---|---|---|
| Increase in stocks | (53 894) | (105 040) |
| Increase in debtors and short term loans | (225 842) | (90 863) |
| Increase in creditors | 120 768 | 155 876 |
| | (158 968) | (40 027) |

50 YEARS 1946 - 1996

| | GROUP 1996 $000's | GROUP 1995 $000's |
|---|---|---|
| **9.3 TAXATION PAID** | | |
| Liability at beginning of year | (87 210) | (38 430) |
| Taxation provided(see note 7 ) | (93 159) | (97 346) |
| Associated company taxation | 2 461 | 1 313 |
| Liability at end of year | 88 528 | 87 210 |
| | (89 380) | (47 253) |
| **9.4 DIVIDENDS PAID** | | |
| By the Company : | | |
| Shareholders for dividends at beginning of year | (99 558) | (65 632) |
| Dividends declared (see note 8 ) | (169 320) | (130 072) |
| Shareholders for dividends at end of year | 129 725 | 99 558 |
| | (139 153) | (96 146) |
| By Subsidiaries : | | |
| Outside shareholders for dividends at beginning of year | (14 965) | (7 464) |
| Outside shareholders' share of dividends declared | (19 356) | (16 299) |
| Outside shareholders for dividends at end of year | 20 252 | 14 965 |
| | (14 069) | (8 798) |
| Total dividends paid | (153 222) | (104 944) |
| **9.5 INCREASE IN SHAREHOLDER FUNDING** | | |
| Proceeds of shares issued : | | |
| By the company | 2 961 | 521 |
| By subsidiaries to outside shareholders | 12 980 | 31 743 |
| | 15 941 | 32 264 |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1996 | 1995 | 1996 | 1995 |
| | $000's | $000's | $000's | $000's |
| **10. SHARE CAPITAL** | | | | |
| **10.1 AUTHORISED** | | | | |
| 300 000 000 ordinary shares of 15 cents each | 45 000 | 45 000 | 45 000 | 45 000 |
| **10.2 ISSUED AND FULLY PAID** | | | | |
| 258 932 490 (1995: 258 591 890) ordinary shares of 15 cents each | 38 840 | 38 789 | 38 840 | 38 789 |

## 10.3 UNISSUED SHARES

Subject to the limitations imposed by the Companies Act (Chapter 190), in terms of a special resolution of the Company in general meeting, the unissued share capital of $6 160 000 has been placed at the disposal of the directors for an indefinite period.

The directors are empowered to grant options to certain employees of the group provided the number of shares under option does not exceed 2% of the issued ordinary shares of the Company at any time. The shares currently under option (5 168 100) amount to 1,996% of the issued ordinary shares.

Share options are granted for a period of ten years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted.

At 31 March 1996, the Directors held directly and indirectly the following number of shares in the Company:

| | 1996 | 1995 |
|---|---|---|
| W.H. Turpin | 1 000 | 1 000 |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1996 | 1995 | 1996 | 1995 |
| | $000's | $000's | $000's | $000's |
| **11. SHARE PREMIUM** | | | | |
| At beginning of year | 197 970 | 197 479 | 197 970 | 197 479 |
| Arising on issue of shares | 2 910 | 491 | 2 910 | 491 |
| At end of year | 200 880 | 197 970 | 200 880 | 197 970 |
| **12. NON-DISTRIBUTABLE RESERVES** | | | | |
| At beginning of year | 5 465 | 3 531 | | |
| Arising on consolidation of subsidiaries | (1 072) | 589 | | |
| Donated assets received | 5 132 | 3 067 | | |
| Net deficit on revaluation of containers | | (1 722) | | |
| Transfer to distributable reserves | (518) | | | |
| At end of year | 9 007 | 5 465 | | |
| Comprising: | | | | |
| Arising on consolidation of subsidiaries | 905 | 1 787 | | |
| Donated assets received | 8 102 | 3 678 | | |
| | 9 007 | 5 465 | | |
| **13. DISTRIBUTABLE RESERVES** | | | | |
| At begining of year | 732 719 | 563 844 | 221 328 | 214 383 |
| Retained income for the year | 219 767 | 168 875 | 103 287 | 6 945 |
| Transfer from non-distributable reserves | 518 | | | |
| At end of year | 953 004 | 732 719 | 324 615 | 221 328 |
| Retained in: | | | | |
| Holding company | 324 615 | 221 328 | | |
| Subsidiaries | 607 925 | 496 841 | | |
| Associated companies and joint ventures | 20 464 | 14 550 | | |
| | 953 004 | 732 719 | | |

## 14. INTEREST BEARING DEBT

| | | | GROUP | |
|---|---|---|---|---|
| **Long term financing** | Rate of Interest % | When Payable | 1996 $000's | 1995 $000's |
| **Secured (see note 15)** | | | | |
| Long term loans | 9,4 -11,0 | 1997/1998 | 2 724 | 6 139 |
| Long term loans | 30,8 | 1998/1999 | 1 731 | 1 566 |
| | | | 4 455 | 7 705 |
| **Unsecured** | | | | |
| Long term loans | 6,5 -15,0 | 1997/2002 | 170 708 | 112 292 |
| Long term loans | 15,0 -32,5 | 1997/2003 | 109 922 | 98 134 |
| Other | 0 - 9,0 | indefinite | 1 515 | 639 |
| | | | 282 145 | 211 065 |
| Total long term financing | | | 286 600 | 218 770 |
| Less short term portion of long term financing | | | (185 989) | (69 730) |
| | | | 100 611 | 149 040 |
| **Short term borrowings** | | | | |
| Overdraft | | | 71 409 | 101 363 |
| Short term loans | | | 231 019 | 109 627 |
| Short term portion of long term financing | | | 185 989 | 69 730 |
| Total short term borrowings | | | 488 417 | 280 720 |
| Total interest bearing debt | | | 589 028 | 429 760 |

Short term borrowings form part of the core borrowings of the Group and are renewed on maturity in terms of ongoing facilities negotiated with the relevant financial institutions. In terms of a special resolution of the Company in general meeting, borrowings shall not exceed, in aggregate, shareholders' equity which amounts to $1,2 billion.

## 14. INTEREST BEARING DEBT (CONT)

Long term financing and short term borrowings include foreign loans amounting to Z$249,7 million (1995 - Z$119,6 million), of which Z$19,9 million (1995 - Z$ 38,4 million) is not subject to exchange rate fluctuations as forward cover contracts have been negotiated. The majority of forward cover contracts apply to deutsche mark loans. The related interest is not covered by forward contracts.

The foreign loans, which are in respect of capital purchases and working capital requirements, are as follows:

| | Interest Rate % | Amounts 000's | GROUP 1996 Z$ 000's | GROUP 1995 Z$ 000's |
|---|---|---|---|---|
| *SECURED* | | | | |
| Deutsche mark | 9,4 | 510 | 2 724 | 4 338 |
| *UNSECURED* | | | | |
| Deutsche mark | 8,8 - 12,5 | 10,055 | 53 560 | 75 148 |
| United States dollars | 5,9 - 9,9 | 18,204 | 177 161 | 34 593 |
| South African rand | 0 - 22,0 | 6,484 | 16 224 | 5 553 |
| | | | 249 669 | 119 632 |
| Repayable as follows : | | 1997 | 209 774 | 62 960 |
| | | 1998 | 17 626 | 24 431 |
| | | 1999 | 10 635 | 17 259 |
| | | 2000 | 10 635 | 8 007 |
| | | 2001 | 1 029 | 6 975 |
| | | | 249 699 | 119 632 |

## 15. PROPERTIES, PLANT, EQUIPMENT AND VEHICLES

*FREEHOLD PROPERTIES*

| | 1996 | 1995 |
|---|---|---|
| Cost | 621 862 | 568 478 |
| Capital work in progress | 13 824 | 54 301 |
| | 635 686 | 622 779 |
| Depreciation | 23 612 | 20 075 |
| | 612 074 | 602 704 |

## 15. PROPERTIES, PLANT, EQUIPMENT AND VEHICLES (CONT)

| | GROUP 1996 $000's | GROUP 1995 $000's |
|---|---|---|
| *LEASEHOLD PROPERTIES* | | |
| Cost | 116 278 | 31 474 |
| Capital work in progress | 32 418 | 7 510 |
| | 148 696 | 38 984 |
| Depreciation | 11 497 | 9 312 |
| | 137 199 | 29 672 |
| *PLANT AND EQUIPMENT* | | |
| Cost | 1 023 627 | 859 897 |
| Capital work in progress | 21 082 | 24 873 |
| | 1 044 709 | 884 770 |
| Depreciation | 241 860 | 175 896 |
| | 802 849 | 708 874 |
| *VEHICLES* | | |
| Cost | 278 124 | 221 954 |
| Capital work in progress | 25 844 | 3 524 |
| | 303 968 | 225 478 |
| Depreciation | 97 431 | 67 470 |
| | 206 537 | 158 008 |
| Total properties, plant, equipment and vehicles | 1 758 659 | 1 499 258 |
| **Movement for the year** | | |
| At beginning of the year | 1 499 258 | 1 234 361 |
| Capital expenditure | 373 071 | 360 789 |
| Disposals | (14 766) | (20 192) |
| Depreciation | (104 036) | (78 767) |
| Donated assets received | 5 132 | 3 067 |
| At end of the year | 1 758 659 | 1 499 258 |

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## 15. PROPERTIES, PLANT, EQUIPMENT AND VEHICLES (CONT.)

Certain properties, plant and equipment are encumbered as security for borrowings and the accrued interest thereon (see note 14).

| | GROUP 1996 $000's | GROUP 1995 $000's |
|---|---|---|
| **Net book amount of properties, plant and equipment secured** | 30 213 | 174 860 |
| **Net depreciated replacement value of properties, plant, equipment and vehicles** | | |
| Freehold and leasehold properties | 1 057 411 | 853 837 |
| Plant and equipment | 1 272 897 | 962 795 |
| Vehicles | 233 822 | 208 400 |
| | 2 564 130 | 2 025 032 |
| **Original cost of fully depreciated assets still in use:** | | |
| Freehold and leasehold properties | 602 | 166 |
| Plant and equipment | 24 965 | 11 734 |
| Vehicles | 7 748 | 2 017 |
| | 33 315 | 13 917 |
| **Net book value of assets temporarily idle:** | | |
| Plant and equipment | 19 491 | 5 787 |
| **Net book value of assets retired from active use and held for disposal:** | | |
| Plant and equipment | 2 467 | 2 043 |
| Vehicles | 105 | |
| | 2 572 | 2 043 |

| | GROUP 1996 $000's | GROUP 1995 $000's | COMPANY 1996 $000's | COMPANY 1995 $000's |
|---|---|---|---|---|
| **16. INVESTMENTS, LOANS AND TRADEMARKS** | | | | |
| **16.1 ASSOCIATED COMPANIES** | | | | |
| Shares at cost | 1 184 | 1 988 | 1 184 | 1 184 |
| Post acquisition distributable reserves | 7 180 | 5 815 | | |
| | 8 364 | 7 803 | 1 184 | 1 184 |
| **16.2 INVESTMENTS** | | | | |
| Unquoted shares at cost | 29 595 | 25 035 | 18 665 | 18 665 |
| **16.3 JOINT VENTURES** | | | | |
| Capital accounts | 5 530 | 5 030 | | |
| Share of distributable reserve | 13 284 | 8 734 | | |
| Loans | 400 | 200 | | |
| | 19 214 | 13 964 | | |
| **16.4 LOANS** | | | | |
| Secured | 6 642 | 12 567 | | |
| Unsecured | 31 040 | 24 638 | 33 973 | 25 965 |
| | 37 682 | 37 205 | 33 973 | 25 965 |
| **16.5 TRADEMARKS** | | | | |
| At cost | 2 275 | 2 275 | | |
| **16.6 GOODWILL** | | | | |
| Goodwill arising on acquisition of business interests | 6 100 | 6 100 | | |
| Less : amounts written off | (1 931) | (1 321) | | |
| | 4 169 | 4 779 | | |
| Total investments, loans and trademarks | 101 299 | 91 061 | 53 822 | 45 814 |

50 YEARS 1946 - 1996

# NOTES TO THE FINANCIAL STATEMENTS

## 16. INVESTMENTS, LOANS AND TRADEMARKS (CONT.)

Included in the Group's secured loans are loans of $4 721 000 (1995 - $3 426 000) to Directors and Officers of the Group. These are made in terms of a Group Housing Loan Scheme and are secured by mortgage bonds over residential properties. During the year $32 000 was repaid and $1 327 000 was advanced.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1996 | 1995 | 1996 | 1995 |
| | $000's | $000's | $000's | $000's |
| **17. INTEREST IN SUBSIDIARIES** | | | | |
| Indebtedness to the company | | | 87 183 | 20 432 |
| Shares at cost less provisions | | | 423 032 | 398 670 |
| | | | 510 215 | 419 102 |
| **18. STOCKS** | | | | |
| Consumable stores | 74 383 | 78 932 | | |
| Containers | 136 556 | 122 465 | | |
| Finished products | 39 791 | 25 497 | | |
| Merchandise | 115 337 | 118 902 | | |
| Raw materials | 126 283 | 94 631 | | |
| Work in progress | 12 060 | 10 089 | | |
| | 504 410 | 450 516 | | |
| **19. DEBTORS** | | | | |
| Trade debtors | 210 586 | 149 590 | | |
| Instalment debtors | 295 341 | 202 422 | | |
| Prepayments and other debtors | 134 280 | 65 793 | | |
| Dividends receivable | 500 | 326 | 130 225 | 92 929 |
| | 640 707 | 418 131 | 130 225 | 92 929 |
| Included in other debtors and creditors are securitised debtors amounting to $28 562 000. | | | | |
| **20. CREDITORS** | | | | |
| Trade creditors | 388 478 | 296 515 | | |
| Accruals, provisions and other creditors | 289 708 | 260 903 | 201 | 139 |
| | 678 186 | 557 418 | 201 | 139 |

# NOTES TO THE FINANCIAL STATEMENTS

| | GROUP 1996 $000's | GROUP 1995 $000's | COMPANY 1996 $000's | COMPANY 1995 $000's |
|---|---|---|---|---|
| **21. DIRECTORS' EMOLUMENTS** | | | | |
| Paid by subsidiaries: | | | | |
| For services as directors | 202 | 201 | | |
| For managerial services | 7 046 | 3 996 | | |
| | 7 248 | 4 197 | | |
| **22. CONTINGENT LIABILITIES** | | | | |
| Guarantees and other | 21 000 | 7 000 | | |
| Deferred taxation | 257 000 | 290 000 | | |
| | 278 000 | 297 000 | | |
| **23. FUTURE LEASE COMMITMENTS** | | | | |
| Payable within one year | 69 900 | 52 187 | | |
| Payable two to five years | 1 118 826 | 808 016 | | |
| Payable six to ten years | 1 237 224 | 141 046 | | |
| Payable thereafter | 41 716 | 28 209 | | |
| | 2 467 666 | 1 029 458 | | |
| **24. COMMITMENTS FOR CAPITAL EXPENDITURE** | | | | |
| Contracts and orders placed | 104 842 | 55 493 | | |
| Authorised by directors but not contracted | 389 743 | 416 188 | | |
| | 494 585 | 471 681 | | |

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

The company has elected in principle to convert its dividend entitlement in respect of Zimbabwe Sun Limited into shares in that company in the years ending March 1996 and 1997.

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## 25. PENSION FUNDS

Group operating companies and all employees contribute to one or more of the following independently administered pension funds:

### 25.1 DELTA PENSION FUND

This fund is a fully funded, uninsured, consolidated scheme consisting of a defined benefit division and a defined contribution division. All Group employees, except those who are members of the Catering Industry Pension Fund, are members of this fund. All employees who joined the Group on or after 1 April 1995, automatically contribute to the defined contribution division. Members prior to that date were given an option to transfer from the defined benefit division.

The fund is actuarially valued every three years using the projected unit credit method. The most recent valuation at 1 September 1994, revealed the actuarial present value of promised retirement benefits and the fair value of the fund's assets to be $394,1 million and $416,4 million respectively, leaving the fund with a surplus of $22,3 million.

The principal assumptions used in the actuarial valuation were:

* the assets of the fund will achieve a return of 14% per annum.
* pension benefits will be procured at annuity rates based on an interest rate of 3,5% per annum which translates into an allowance for 10,5% per annum increases to pensions.

### 25.2 CATERING INDUSTRY PENSION FUND

This is a defined contribution scheme which covers employees in specified occupations of the catering industry. The majority of Group employees in Zimbabwe Sun Limited are members of this fund.

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### 25.2 CATERING INDUSTRY PENSION FUND

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## 25.3 NATIONAL SOCIAL SECURITY AUTHORITY SCHEME

This defined benefit scheme was promulgated under the National Social Security Authority Act 1989. Contributions by all employees and Group operating companies of 3% of pensionable monthly emoluments each, up to a maximum of $120 per month, began in October 1994. The Act requires the appointment of an actuary to value long term benefits at least once every three years. There have been no actuarial valuations to date.

## 25.4 PENSION COSTS RECOGNISED AS AN EXPENSE FOR THE YEAR

| | GROUP | |
|---|---|---|
| | 1996 | 1995 |
| | $000's | $000's |
| Delta Pension Fund - defined benefit division | 32 123 | 31 466 |
| Delta Pension Fund - defined contribution division | 8 557 | |
| Catering Industry Pension Fund | 1 570 | 1 192 |
| National Social Security Authority Scheme | 6 533 | 2 114 |
| | 48 783 | 34 772 |

# NOTICE TO MEMBERS

Notice is hereby given that the forty-ninth Annual General Meeting of Members of Delta Corporation Limited will be held at the Registered Office of the Company at Northridge Close, Borrowdale on Friday 26 July 1996 at 1600 hours for the following purposes:

## ORDINARY BUSINESS

1. To receive and adopt the Financial Statements for the year ended 31 March 1996, together with the Report of the Directors and Auditors thereon.

2. To appoint Directors.
   Mrs. A. L. Makwavarara, Mr. A. S. Nyamatore and Mr. T. N. Sibanda retire from the Board by rotation but being eligable will offer themselves for re-election. Mr. S. H. Musesengwa retires at the conclusion of his interim appointment but being eligable will offer himself for re-election.

3. To appoint Auditors for the current year and to approve their remuneration for the year past.

## SPECIAL BUSINESS

1. To review fees payable to chairman and directors.

BY ORDER OF THE BOARD

Sable House
Northridge Close
Borrowdale
Harare
Zimbabwe
30 June 1996

Hugh D. Gaitskell

H. D. GAITSKELL
Company Secretary

# SHAREHOLDERS' ANALYSIS AND CALENDAR

| | Number of Shareholders | % | Issued Shares | % |
|---|---|---|---|---|
| 1 - 5 000 | 954 | 72,4 | 1 415 784 | 0,5 |
| 5 001 - 10 000 | 131 | 9,9 | 1 077 758 | 0,4 |
| 10 001 - 25 000 | 76 | 5,8 | 1 277 210 | 0,5 |
| 25 001 - 50 000 | 61 | 4,6 | 2 227 284 | 0,9 |
| 50 001 - 100 000 | 27 | 2,1 | 1 970 847 | 0,8 |
| 100 001 - 200 000 | 24 | 1,8 | 3 706 271 | 1,4 |
| 200 001 - 500 000 | 20 | 1,5 | 6 451 474 | 2,5 |
| 500 001 - and over | 25 | 1,9 | 240 805 862 | 93,0 |
| | 1 318 | 100,0 | 258 932 490 | 100,0 |
| External banks & nominees | 2 | 0,2 | 6 000 | 0,0 |
| Banks & nominees | 18 | 1,4 | 64 836 731 | 25,0 |
| External companies | 2 | 0,2 | 39 130 680 | 15,1 |
| Insurance companies | 17 | 1,3 | 16 683 551 | 6,4 |
| Investment, trust & property companies | 75 | 5,7 | 49 064 489 | 19,0 |
| Non-resident individuals | 216 | 16,3 | 37 554 185 | 14,5 |
| Other corporate holders | 104 | 7,9 | 28 278 869 | 10,9 |
| Pension funds | 24 | 1,8 | 15 484 161 | 6,0 |
| Resident individuals / trusts | 860 | 65,2 | 7 893 824 | 3,1 |
| | 1 318 | 100,0 | 258 932 490 | 100,0 |

Included in the category of "500 001 shares and over" is Delta Employee Participation Trust Company (Private) Limited which holds 7 028 070 shares on behalf of 3 559 employees who participate in the scheme.

## TOP TEN SHAREHOLDERS

| Shareholder | 1996 | % | 1995 | % |
|---|---|---|---|---|
| Old Mutual Investment Corp (Pvt) Ltd | 45 629 210 | 17,6 | 37 979 710 | 14,7 |
| Zimbabwe Development Corporation | - | - | 87 682 690 | 33,9 |
| Rainier Inc. | 35 100 000 | 13,6 | 35 100 000 | 13,6 |
| Barclays Zimbabwe Nominees (Pvt) Ltd | 31 172 128 | 12,1 | 11 323 020 | 4,4 |
| Syfrets Nominees (Pvt) Ltd | 28 945 082 | 11,2 | - | - |
| Tigatel B V | 19 709 220 | 7,6 | 19 709 220 | 7,6 |
| National Oil Co. of Zimbabwe (Pvt) Ltd | 15 365 206 | 5,9 | - | - |
| Chase Nominees Ltd | 9 704 047 | 3,7 | - | - |
| Old Mutual | 9 012 170 | 3,5 | 8 768 170 | 3,4 |
| Delta Employee Share Participation Trust Co (Pvt) Ltd | 7 028 070 | 2,7 | 7 028 070 | 2,7 |
| Other | 57 267 357 | 22,1 | 51 001 010 | 19,7 |
| | 258 932 490 | 100,0 | 258 591 890 | 100,0 |

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# SHAREHOLDERS' ANALYSIS AND CALENDAR

| | |
|---|---|
| Forty-ninth Annual General Meeting | 26 July 1996 |
| Financial Year End | 31 March 1997 |
| | **Anticipated Dates** |
| Interim Reports | |
| 6 months to 30 September 1996 | November 1996 |
| 12 months to 31 March 1997 and final dividend declaration | May 1997 |
| Dividend Payment Date - final | August 1997 |
| Annual Report Published | June 1997 |
| Fiftieth Annual General Meeting | July 1997 |

Registered Office:
"Sable House",
Northridge Close,
Northridge Park,
(P.O. Box BW 294)
Borrowdale,
Harare,
Zimbabwe.

Transfer Secretaries:
First Transfer Secretaries
(Private) Limited,
Sixth Floor,
FMB House,
67 Samora Machel Avenue,
(P.O. Box 11)
Harare,
Zimbabwe.

DELTA
CORPORATION
LIMITED