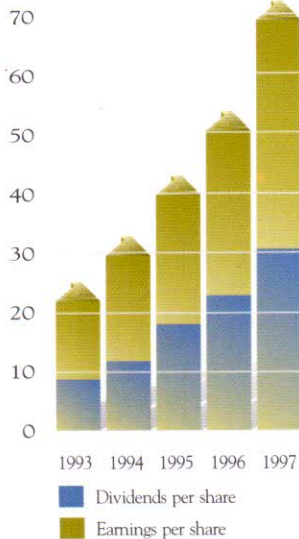


Cents



MARKET CAPITALISATION (MILLIONS)

Zimbabwe dollars	13 728	5 567
United States dollars (equivalent)	1 217	577

GROUP SUMMARY (Z\$ MILLION)

Turnover	6 188	4 720
Cash value added	2 340	1 920
Income after taxation	592	427
Attributable earnings	541	389
Total assets	4 008	3 062

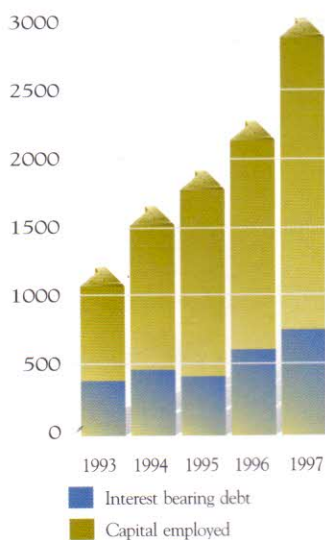
SHARE PERFORMANCE (CENTS)

Earnings per share		
- attributable earnings basis	69	50
- cash equivalent basis	85	64
Cash flow per share	47	45
Dividends per share	30	22
Net asset value per share	209	155
Market price per share	1 725	717

FINANCIAL STATISTICS

Return on equity (%)	32,6	32,4
Financial gearing ratio (%)	32,9	36,4
Interest cover (times)	6,3	6,0

\$m's





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.

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*





Safety, health and 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

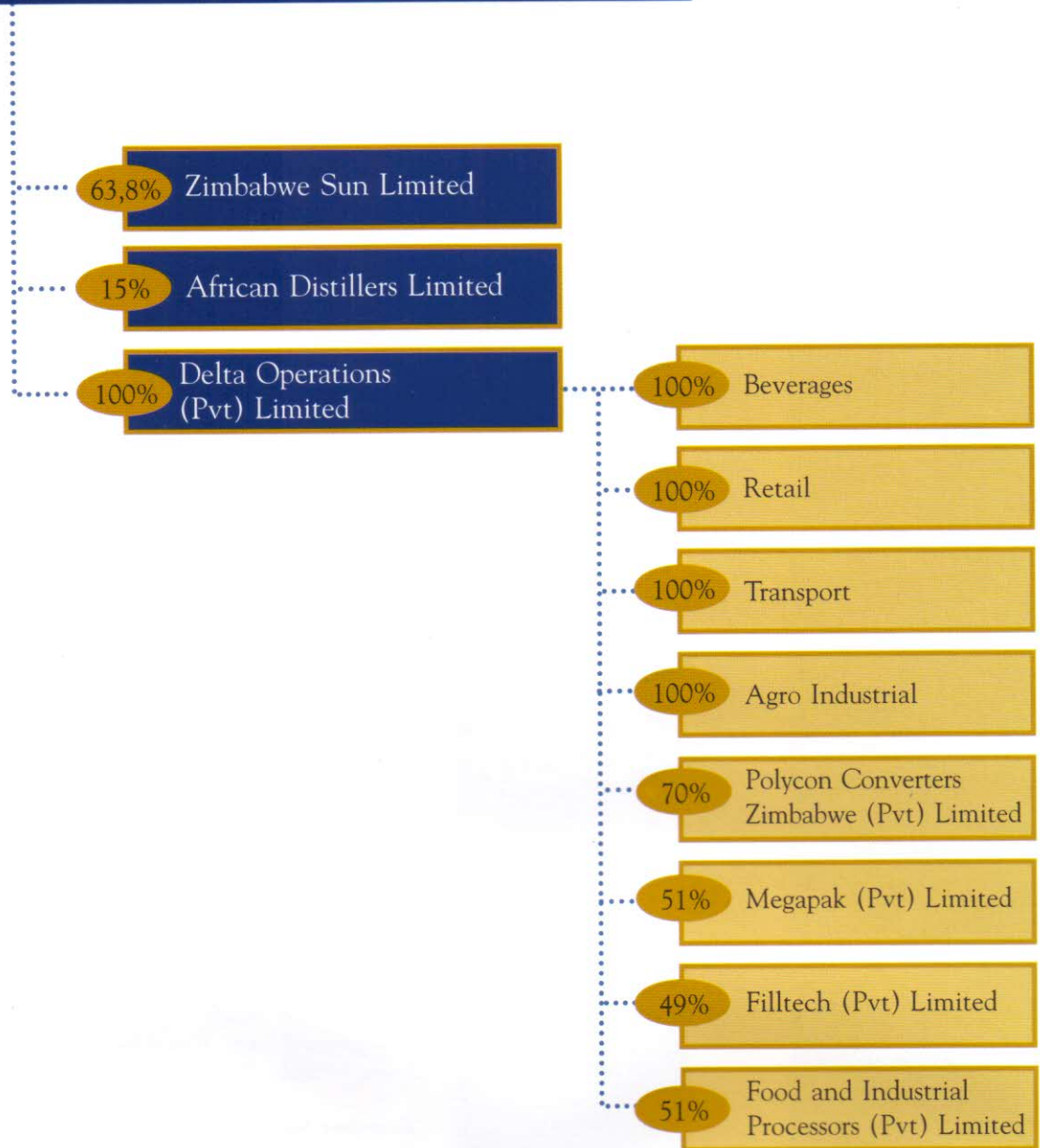
Consequently,

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.

Delta Corporation Limited



ALL GROUP COMPANIES ARE INCORPORATED IN ZIMBABWE

► Activities



BEVERAGES

National Breweries

Brewing lager beer, 2 Breweries
Castle Lager, Castle Pilsener, Lion Lager, Carling Black Label,
Zambezi Export Lager, Bohlenger's

Chibuku Breweries

Brewing sorghum beer, 16 Breweries
Chibuku, Rufaro and Thabani

United Bottlers

Bottling carbonated and non-carbonated soft drinks,
4 Bottling Plants
Coca-Cola, Diet Coke, Fanta, Sparletta, Schweppes, Sprite



TRANSPORT

Delta Distribution

Provision and maintenance of primary and
secondary vehicles
18 Workshops



RETAIL

OK Zimbabwe

Mass merchandising
31 OK Stores, 4 Bon Marché Stores

Pelhams

Specialist furnishers
24 Outlets, 2 Factories



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, 5 Camps

Zimbabwe Sun Vacations

Timeshare resorts, 2 Resorts



FOOD & INDUSTRIAL PROCESSORS (Pvt) LIMITED

Food processing
1 Factory



MEGAPAK (Pvt) LIMITED

Manufacture of plastic products
1 Factory



AGRO INDUSTRIAL

Kwekwe Maltings
Barley Malting, 1 Malting Plant

FILLTECH (Pvt) LIMITED

Manufacture of machine spares
1 Factory

AFRICAN DISTILLERS LIMITED

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

Directorate and Management

CHAIRMAN

Dr. R. M. Mupawose B.Sc.; MSc(Agron), PhD. •

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.Com; 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 * •

FINANCE AND ADMINISTRATION

J. S. Mutizwa	B.Sc.Soc.Sc.(Hons); MBA *	Director
J. E. Smith	B.Com; 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 and 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	M.I.M.M.(Dip).	Delta Distribution
L. H. Greene	Dip.Inst.Brewing	Ruwa Agro Industries
Dr. M. S. Mushiri	B.Sc.(Hons); M.Sc.Ph.d.	Food and Industrial
A. R. Katsande	B.Sc.Eco.(Hons); MBA	OK / Bon Marché
J. R. Rouse		Pelhams
J. E. Smith	B.Com; CA(Z); CA(SA); MBA	Zimbabwe Sun Limited

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



Standing, left to right:

J.S. Mutizwa

V.W. Zireva

N.G. Cox

A.L. Makwavarara

J.E. Smith

W.H. Turpin

S. H. Musesengwa

J.P. Rooney

A.S. Nyamatore

Absent: Dr R.M. Mupawose

Chairman's statement



Dr. R.M Mupawose

TRIBUTE

I would like to pay tribute to my predecessor, Dr. Silas Chawanda Mundawarara. His untimely death on 24 January 1997 robbed the Group of a wise and wonderful counsel. He served as a non-executive director from October 1990, the last eleven months as Chairman. He left a void and will be sorely missed.

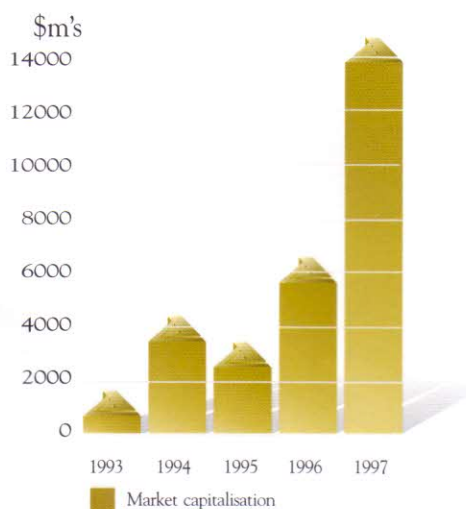
INTRODUCTION

The Group has once again performed superbly. The results for the year ended 31 March 1997 were achieved against a background of strong economic recovery, with GDP growing at 8,1% in 1996 following two good rainy seasons.

Market expectations were once again met, which makes my first Chairman's Statement an easy and pleasurable task.

Dividends have exhibited compound growth over the last five years of 33%. Due to share price appreciations, particularly in the last two years, shareholders have benefited from impressive compound growth of 81% per annum over the last five years when dividend flows are taken into account.

The Delta share price has, for the second year in a row, more than doubled. Market capitalisation has therefore grown impressively from \$5,6 billion to \$13,7 billion at the year end. This ranks Delta proudly at the top of the quoted companies in Sub-Saharan Africa and outside South Africa.



ECONOMIC ENVIRONMENT

The enabling environment created over the last few years has resulted in more flexibility and freedom in the economy. Frustrations still occur and it is important, therefore, that the increased level of dialogue between the private sector and Government results in the removal of impediments to successful, job-creating investments. The ethos of mutual trust and common interest created among all sectors in Zimbabwe, must be built upon and not be allowed to stall. The Government is commended for its commitment to measures taken so far and for its resolve to implement Zimprest (Zimbabwe Programme for Economic and Social Transformation) and Vision 2020.

It is vital, however, that Government re-doubles its efforts and improves revenue collection to cut the budget deficit. Success in these endeavours will ensure that the productive sector's resource requirements are made available at more affordable rates. The recent upsurge in inflation and interest rates needs to be arrested to ensure that the hardships caused to date by structural adjustment will not have been for nothing and that the long-awaited benefits will be realised.

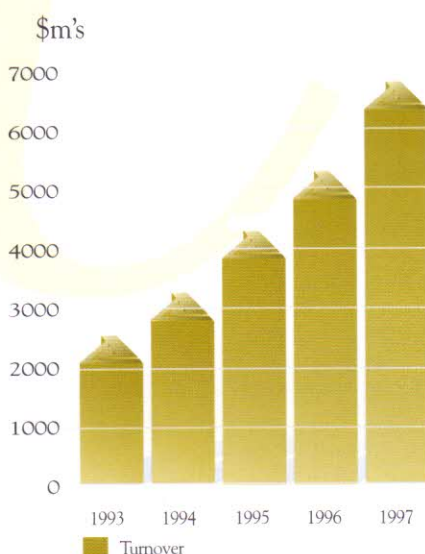
Two good rainy seasons have increased the level of private consumption expenditure. This trend should continue and, with GDP growth estimated at between 5,5% and 6,5% during 1997, the economy looks poised for another good year, provided the problems alluded to previously are adequately addressed.

Zimbabwe is now firmly in the global competitive market. The challenges and opportunities that have arisen as a result of this have not been ignored by the Group. There has been an increased focus on quality, research and development, productivity and service initiatives throughout the year and this emphasis will be vigorously maintained.

Chairman's statement

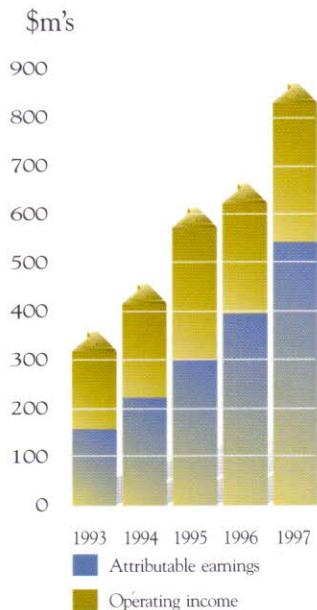
FINANCIAL RESULTS

Turnover increased 31% this year to reach \$6,2 billion. Included in this are export sales of \$520 million, which represent an exciting increase of 36% for the year. The overall increase in turnover, when expressed in US dollars, is 13%, well above the target set to attain the Group's stated goal of achieving a turnover equivalent of US\$1 billion by 2001.



A pleasing feature of this year's results is that operating income has grown by 33%, exceeding turnover growth and far outstripping last year's 10% rise. Compounded growth in operating income over the last five years of 28,5% exceeds the level of inflation during the same period. The increase in operating income of the three major business sectors of the Group is most gratifying, with retail, hotels and beverages exhibiting particularly good growth of 55%, 48% and 34% respectively.

Financing costs increased by \$22 million, due to the Group's increased capital and working capital expenditure, the latter being used mainly to upgrade beverage containers and fund the extra levels of activity, especially in the retail division's extended credit sales of durable goods. It should be noted, however, that there has been only a \$1,7 million increase in net financing costs, which are arrived at after aggregating financing costs, interest receivable and exchange losses. When viewed against the levels of increased activity during the year, this commendable result has been achieved by accessing cheaper borrowing facilities and managing foreign currency exposures to best advantage.

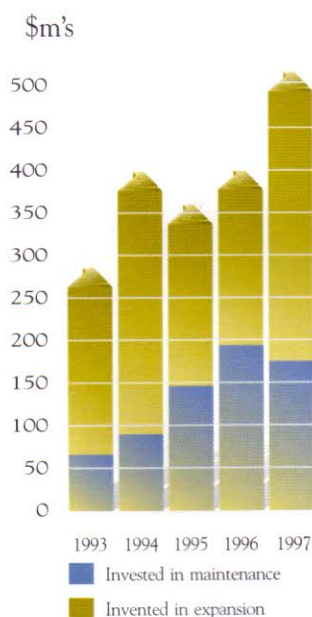


Despite an increased tax burden, profits after taxation went up 39%, well above last year's 28% growth. At \$541 million, attributable earnings rose 39%. The very successful scrip for dividend issues in August 1996 and February 1997 resulted in a small dilution in earnings per share which grew 37% to 68,8 cents. A slightly reduced dividend cover of 2,29 translated into dividends per share rising 38%. Had operating assets been revalued and resultant revaluation depreciation been provided, the dividend cover would have been 2,03 times.

Following the tremendous performance in the Zimbabwe Stock Exchange Industrial Index in the latter part of 1996, shareholders approved in general meeting a 3 for 1 share split effected on 17 February 1997. The split resulted in immediate and substantial benefits to all investors. The shareholders will once again be given the opportunity to convert their dividend into scrip in the pre-eminent Zimbabwean blue chip counter.

INVESTMENT AND FUNDING

The Group again invested heavily in capital expenditure. Out of a total of \$466 million, \$293 million was spent in expanding and upgrading the asset base. The main components of this expenditure related to 44 new rooms at the world famous Victoria Falls Hotel, the conversion of the Elephant Hills Hotel to the Intercontinental brand, coolers in the beverage division, a new yeast propagation plant at National Breweries, a one third capacity expansion at KweKwe Maltings, three new stores in OK Zimbabwe at Ard Mbare and Budiriro in Harare and Lobengula Street in Bulawayo, new PET and blow moulding operations at Megapak, computerisation upgrades throughout the Group and the first portion of a new Chibuku brewery at Chimoio in Mozambique. This first cross-border move by the Group marks the beginning of further such initiatives.



A significant \$238 million increase in cash generated from trading was largely absorbed by a \$208 million increase in funds utilised in working capital. A pleasing feature of the Group's cash flow is that the amount by which net cash retained exceeds replacement capital expenditure has improved by 70% during the year.

Chairman's statement

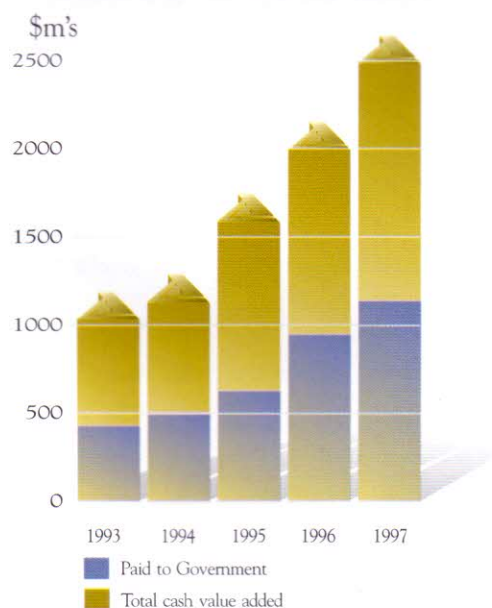
Although net Group borrowings increased by 21% to \$655 million, the interest cover target of 6 times was met and gearing improved from 36% to 33%, which is well below the pre-set maximum of 55%.

ACHIEVEMENT APPRAISAL

The guiding philosophy of the Group, which was put in place last year and incorporates its core values, purpose and mission or goal, has been rolled out through the Corporation. Its mission or goal to register real growth in turnover and profits has been easily achieved this year with equivalent US dollar growth of 13% and 20% registered in turnover and attributable earnings respectively.

The generation of cash value added of over \$2,3 billion into the economy demonstrates Delta's impressive status in the community. Nearly half of the extra \$420 million generated this year has gone to the Government, whose total share again stands at 47%. Delta's contribution to the fiscus is substantial and now exceeds \$1,1 billion. The off-take by Government is still very high and is mostly at the expense of retentions by the business which could be used for job-creating investment.

The taxed operating return has increased to 23,7% but still falls short of the 30% target set by the Group.



DIRECTORATE

Miss A. L. Mukwavarara and Mr. A. S. Nyamatore, after three and seven years service respectively, have indicated that they will retire from the Board of Directors at the conclusion of the annual general meeting. I thank them for their contributions in the past and wish them well in the future.

In order to effectively plan for succession on future Board appointments, greater flexibility is required than currently exists. Shareholders will therefore be asked to approve a special resolution at the annual general meeting which seeks to expand the maximum size of the Board from twelve to fifteen members.

HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT

Effective management of the environment is imperative if the sustainable future of the country is to be assured.

This, therefore, forms one of the corner-stones of the Group's operational methodology. The effects that the Group's products and services have on the environment is closely monitored.

For the third year, a separate Environmental Report is included.

Many of the Group's operations have or share clinic facilities. A main clinic and consultancy room exists in Harare. Safety Committees operate throughout the Group to ensure that all necessary safety practices are in place and are adhered to.

HUMAN RESOURCES

The ultimate success of any organisation depends on the quality of its people. This quality is not only measured by individual qualifications, but even more by each and every person's desire to add value to the business on a daily basis and by their level of loyalty and dedication.



Chairman's statement

The fact that the Group has once again produced excellent results is due, in no small measure, to the quality of its people. There is no doubt, however, that the management of human resources needs to be continually enhanced to ensure the sustainability of Delta's blue chip status into the 21st century.

In this regard, the Group continues to spend millions of dollars on formal and on-the-job training. The exceptional facilities at Mandel Training Centre, together with the much sought-after opportunities available at the Delta Engineering Training Centre and the Ruwa Driver Training School, put the Group at the forefront of training and development initiatives. Communication at all levels has been enhanced through the use of Manpower Co-ordinating Committees, Staff Development Panels, Staff Liaison Committees and Workers' Committees. Group policies and objectives are therefore more focused upon and staff development is better planned.

Health and safety aspects are constantly reviewed. The AIDS pandemic is a major cause for concern and levels of counselling and in-house medical care are continually being enhanced. The level of awareness has certainly increased amongst all levels of employees in this regard.

During the year the Group went a long way towards the introduction of the Hay Job Evaluation System. This new approach will streamline practices throughout the Group and will lead to better performance management in the more competitive environment.

The Group's expansion and enhanced succession planning has resulted in 737 new jobs being created during the year. It is also worth noting that cash value added disbursed to employees has grown from 28% to 30% of the total generated. The infrastructural problems facing all employees are continuously addressed, and the Group provides assistance wherever possible.

Industrial relations throughout the Group continued to be strong at a time when the environment has become harsher. Any minor pockets of dissatisfaction were speedily resolved due to the strong teamwork between management, employees and workers' committees.

TECHNOLOGY AND DEVELOPMENT

In line with the Group's desire to question convention and create opportunity, more funds and facilities are being dedicated throughout the operations to technology transfer and development initiatives.

A "Champions of Change" award is now made annually to the business entity judged to have achieved the most on the research and development front. The first such award, in April 1997, went to Delta Distribution for their exceptional efforts in containing costs by the introduction of various new distribution technologies and methodologies.

Further examples of research and development initiatives are covered in the review of operations.

CORPORATE SOCIAL REVIEW

The Group recognises that the people of Zimbabwe are the proprietors of its operating mandate. Therefore, it has an undoubted social responsibility to the community at large.

With this in mind, the Group has ploughed considerable sums of money into community developments, sponsorships and support of many sporting activities, cultural and environmental bodies, educational institutions, charities, health organisations, and national representative bodies. The Group has endeavoured to spread these contributions throughout the community and particular efforts have been made to cater for the country's rural areas. In this regard special assistance was given to eight rural schools covering all provinces in the country. In total, over \$13 million, directly and indirectly, has been contributed by the Group this year.

The Group has continued to nurture new linkages with emerging entrepreneurs in order that the general well-being of the country's population is uplifted. Joint ventures in the tourist industry have been established and more opportunities in this area are currently under serious consideration.



Chairman's statement

Business relationships throughout the operations are both supply and sales orientated, thus ensuring that no opportunity to nurture aspiring businesses is ignored and that the Group's part in expanding the middle class in Zimbabwe is enhanced.

Last year Delta launched its "Stand Up and Go Project". This initiative aims at identifying young entrepreneurs with sound, feasible projects that require funding. The chosen individuals are monitored and mentored by a dedicated group of people at Delta. A second batch of projects was funded during the year whilst further businesses will be identified and funded in the coming period.

FUTURE PROSPECTS

The Group will continue to focus on achieving world class status in all it produces and sells. Many initiatives have taken place already in this regard and will be covered more fully in the review of operations.

The Group has few capacity constraints and is, therefore, well placed to take advantage of the forecast growth in private consumption expenditure and the general uplift in the economy. Major investments have been made in the core business over the last few years. The coming year will be no different, with budgeted capital expenditure of over \$700 million and working capital requirements of over \$300 million. The Group has adequate funding facilities in place and borrowings are not expected to increase materially in real terms.

The prospects for the coming year look positive. On the assumption that the current upsurge in inflation and interest rates can be effectively controlled and GDP growth reaches 5,5% to 6,5%, the Group believes that further real growth in earnings and dividends will be achieved in the coming year.

APPRECIATION

Delta's management and staff have yet again produced outstanding results and they deserve our gratitude. All stakeholders played their part and must be thanked for their support. As Chairman, I must express my gratitude to my fellow Directors for their enthusiasm and guidance.

I am immensely proud to be associated with such a marvellous and successful organisation which, I have no doubt, will continue to meet or exceed stakeholder expectations.



Dr. R. M. Mupawose

Chairman

16 May 1997



NATBREW

Review of Operations

National Breweries

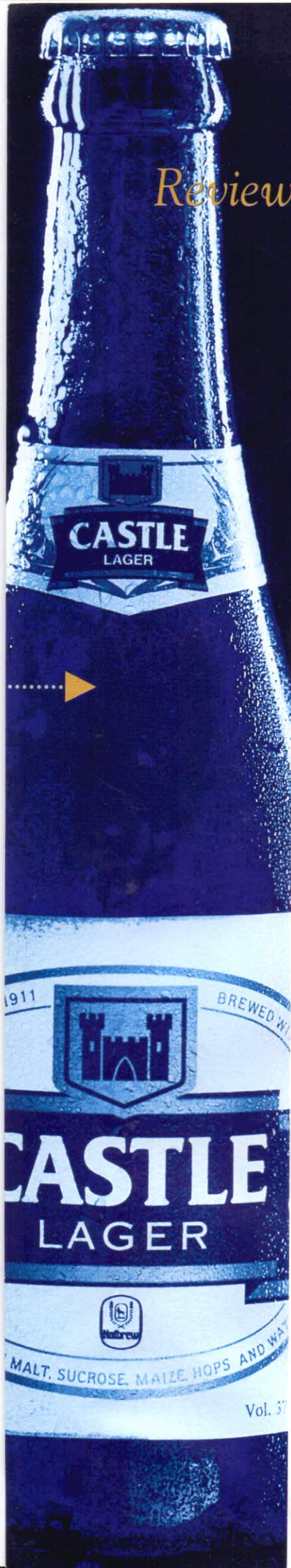
The year witnessed a growth of nearly 12% in volumes at National Breweries. The reversal of the declining trend witnessed over the last four years is encouraging, but it must be noted that full recovery is still some way off. This again emphasises the fact that the excess levels of excise duty imposed in January 1995 need to be lowered further. National Breweries continues to pay 70% of its cash value added to the Government. The unlocking of some of this into the hands of other stakeholders would have a significant beneficial effect throughout the economy.

Substantial progress was made during the year in achieving quality and service upgrades. Neck labelling all products, relaunching Golden Pilsener, vastly increased branded cooler placement in the market, enhanced distribution of draught beer casks and dispensers, new premium brand packaging and improved point of sale material are but a few examples of the major focus on improvement. All brands exhibited growth during the year, with exceptional performances coming from Lion Lager and Golden Pilsener, up 34% and 48% respectively. There has been commendable improvement in beer quality, which is subject to regular in-house and independent audit. New and better formulations are constantly under test.

Lager beer brewing is a capital intensive industry and, therefore, \$72 million was spent on capital equipment during the year, of which \$54 million was on upgrade and expansion. The coming year will see capital expenditure of \$160 million and container spend of nearly \$53 million. Much of this money will be aimed at further enhancing quality and market service.

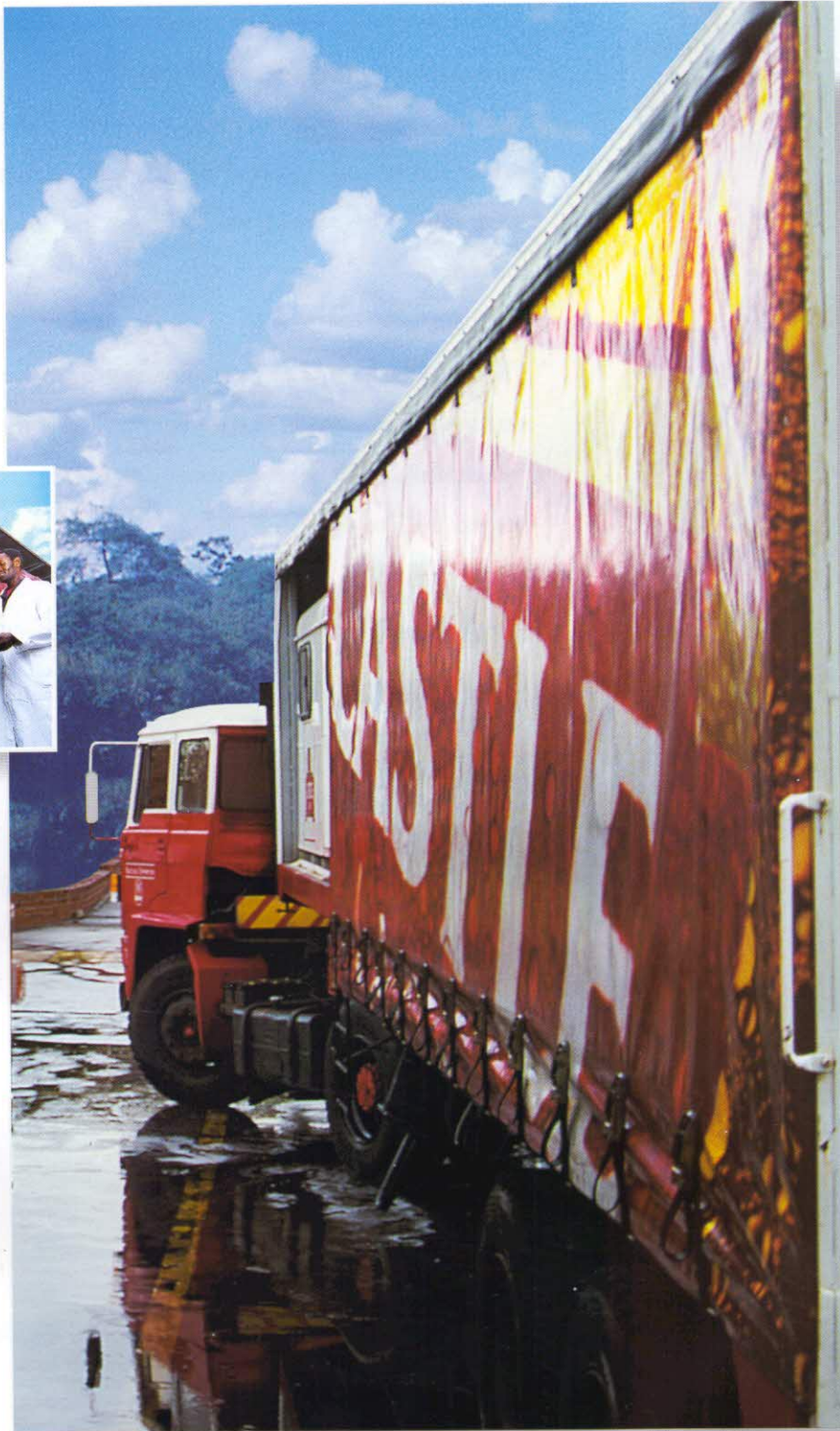
Natbrew again showed its commitment to the community with increased sponsorship of many sports such as soccer, rugby and horse-racing and through its market development of trend setter bars and retail training.

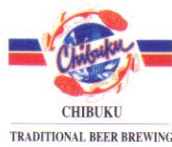
Continued focus on brand management and marketing, together with on-going quality initiatives, should result in further volume growth so that more of the installed capacity is utilised.





*The new-style trailer
curtains ensure a
safer, fresher delivery
of National
Breweries' products to
every corner of
Zimbabwe, whilst also
acting as
high impact brand
advertising.*





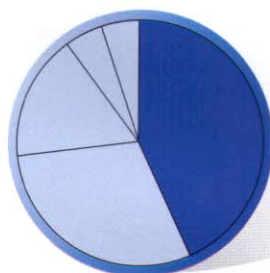
Chibuku Breweries

Chibuku Breweries' commitment to better product formulation and improved customer service ensured that they exceeded last year's record volumes by nearly 1%. This is a tremendous achievement when viewed against past empirical evidence, which has always evidenced a decline in traditional beer volumes in times of major economic recovery. The "Down the Scud" promotion, which spanned the year-end, was highly successful and certainly played its part in the sales achievement.

The move towards greater packaged volumes continued throughout the year. The surge in "Scud" sales has resulted in greater emphasis being required as regards packaging technology and distribution techniques. These projects are on-going and will result in significant changes to the modus operandi of Chibuku.

Market and product development is still heavy and enhanced brand management will pay dividends in the future. It is still imperative, however, that excise duty rebates are extended to all non-brewing Municipalities to ensure that all authorities and ultimately consumers are treated equitably.

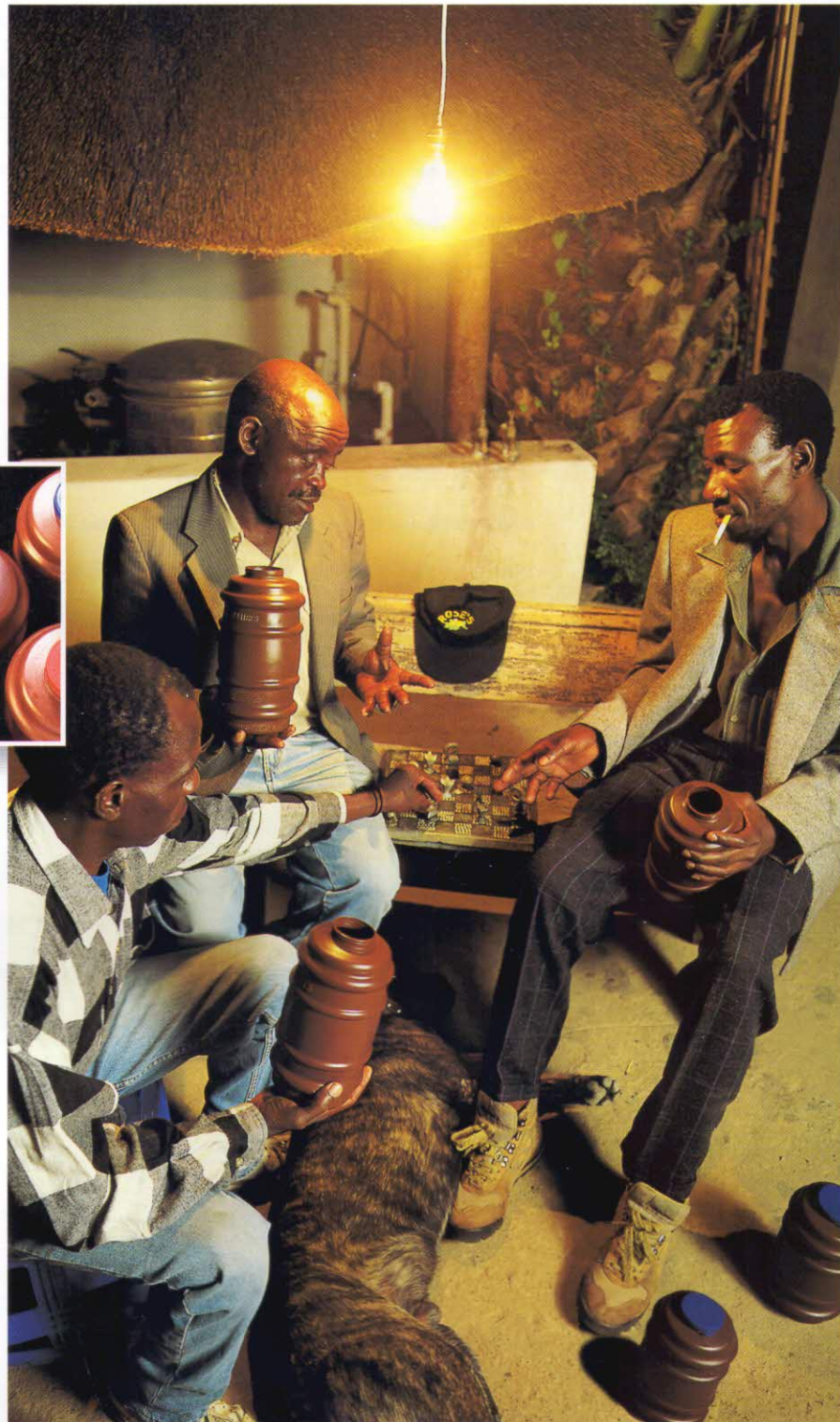
Nearly \$26 million was spent on capital development during the year, about \$19 million of which related to upgrades and new projects. Over \$120 million has been budgeted for the current year with just under \$100 million earmarked for new expansion and upgrades. Over \$16 million will be spent on containers to cater for the packaging thrust.



■ OPERATING INCOME
BEVERAGES 43%



The new tamper-proof lid on the increasingly popular 'Scud' pack will guarantee delivery of a fresher, cleaner product into the hands of the Chibuku consumer.





UNITED BOTTLERS

United Bottlers

The economy's recovery resulted in United Bottlers' volumes increasing by just over 13% this year. The biggest recovery came in the Midlands with sales up nearly 23%.

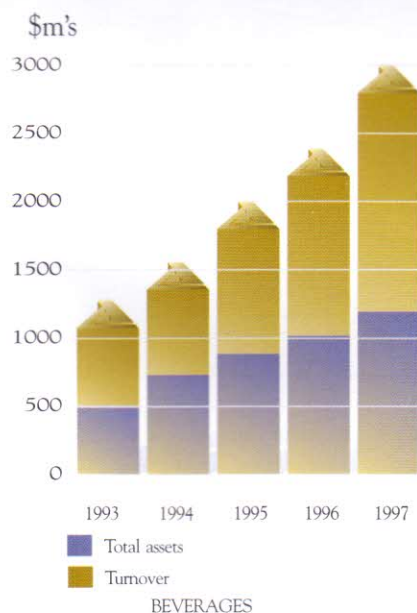
Numerous successful promotions were held during the year with the "Cool Summer Promotion" being the most well received. Enhanced channel and brand management contributed to the overall growth in sales.

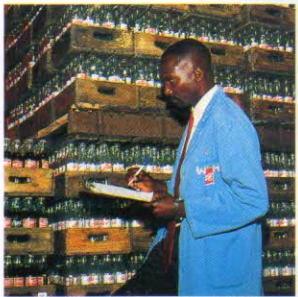
Support of, and investment in, the informal sector outlets continued vigorously throughout the year.

A major thrust in package upgrades, especially as regards plastic crates replacing their wooden counterparts, occurred during the year and will continue for the next two to three years. Alongside this initiative was the placement of another 998 coolers into the market. New bottles, particularly the popular litre package, required massive investment.

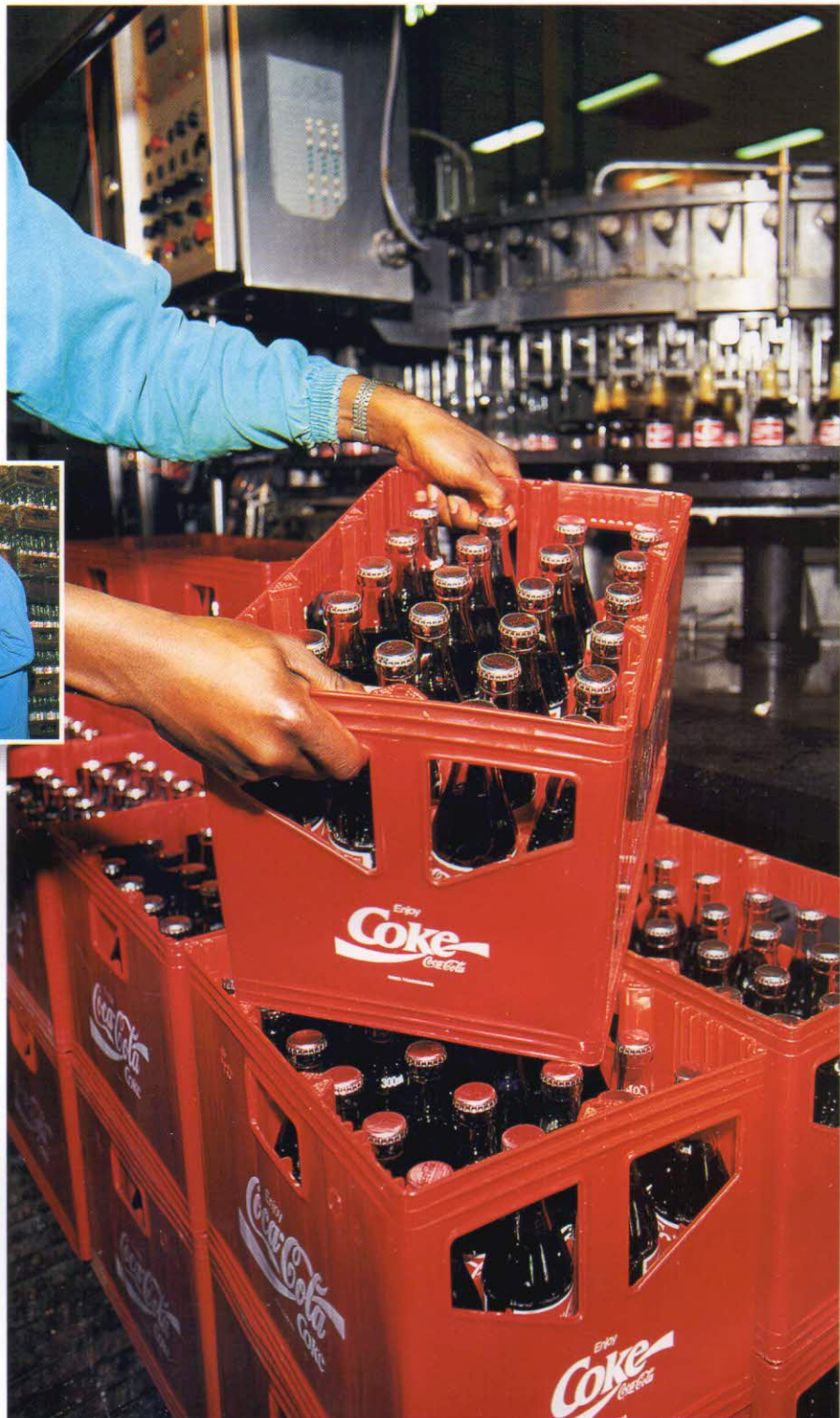
United Bottlers were the winners of five out of six awards of the Coca-Cola Central Africa Region Bottlers' Annual Competition run amongst 13 bottlers in 9 countries. The Gweru plant was awarded the coveted *Bottler of the Year* award at a Bottlers' Convention in Swaziland in March 1997.

\$32 million was spent on capital expenditure during the year whilst \$102 million is likely to be spent in the new year. The significant container upgrade, which amounted to \$67 million this year, will cost a further \$147 million in the coming year.





The move away from the conventional wooden crate into the more durable and protective plastic equivalent has heightened brand image, product appeal and customer satisfaction.





DELTA DISTRIBUTION

Delta Distribution

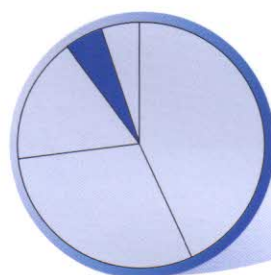
The division manages the Group's heavy vehicle fleet which primarily services the beverage division. At the year-end the fleet comprised 328 primary and secondary vehicles and 594 trailers. The fleet has increased a little from last year due to increased volumes and the greater percentage of packaged sales by Chibuku.

For the second year in succession, running costs per kilometre have shown single digit growth. At 4,15%, the division needs to be commended for its efforts, especially if one considers the numerous fuel price increases that have occurred during the year.

The level of technology transfer, research and development at Delta Distribution is high by any standards. Work on air filters has resulted, for example, in savings of \$1 million per annum, whilst the successful tubeless and super single tyre programmes have translated into cost savings in tyres alone of \$3,2 million, before account is taken of any related down time. Other initiatives on extended maintenance cycles, differential failure, trailer and distribution economics, engine monitoring systems and lubricants have resulted, and will continue to result, in significant cost savings.

Many lives and millions of dollars were again lost in accidents this year. This tragic trend is of major concern to the Group and all that is possible will be done to eliminate this extremely sad phenomenon.

The maintenance of a reasonable fleet age profile will necessitate the spending of nearly \$50 million in capital expenditure this coming year.



■ OPERATING INCOME

TRANSPORT 5%



*The incorporation of
the "Moffett
Mountry" with every
delivery trip has
allowed faster
turnaround times
and greater
efficiencies on the per
unit cost of delivery.*



OK Zimbabwe

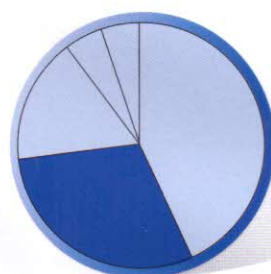
This division, which incorporates Bon Marché, exhibited real sales growth in a very competitive market. The recovery experienced in durable good sales in the latter part of last year, continued throughout the current financial year.

Three new stores, Ard Mbare and Budiriro in Harare and Lobengula Street in Bulawayo, were all successfully opened during the year. Bon Marché in Fife Avenue was also re-branded as an OK store. Refurbishments and store upgrades continued all year to ensure that in-store facilities were modernised and that customers received enhanced service and product levels.

The year was permeated with intense promotional activity by all players in the sector. OK Zimbabwe was no exception, with numerous successful promotions, particularly, as always, the best and biggest promotion of all, the OK Grand Challenge, which once again exceeded all expectations.

A successful re-launch of the OK's "Pot O' Gold" brand occurred during the year and this was the start of more exciting merchandise coming through in the future.

Almost \$41 million was spent on capital items during the year, of which \$27 million was in upgrades and new projects. The new year will witness the spending of just under \$150 million in capital expenditure. This will include the equipping of several new stores.



■ OPERATING INCOME
■ RETAIL 30%



This modernisation of OK's extensive range of retail outlets with all their additional facilities, whilst keeping to their core retail values, has generated greater traffic volumes with an increased consumer spend.

Pelhams

The continued focus on customer service levels and the quality of the merchandise on offer, once again resulted in the Pelhams group of stores achieving exceptional results.

Growth in turnover was experienced country-wide with the Midlands showing the best result in percentage terms. With only Bradlows in Westgate being added to the stable at the end of the year, all growth was off the same base as last year.

Pelhams again promoted successfully and innovatively during the year. The professionalism exhibited in this area held the division in good stead.

The Acorn and Everest factories performed well and gave the division a fair degree of flexibility and exclusivity.

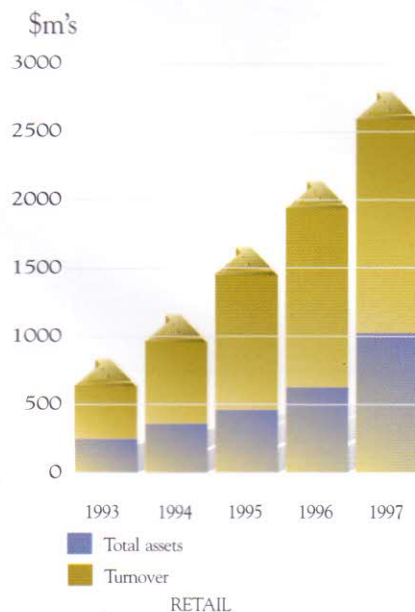
The coming year should witness further exciting growth. A number of new stores will come on stream and the long-awaited, but worthwhile, redeveloped flagship, Pelhams House, formerly Bechuana House, will be re-launched early in the new financial year to give customers a superb shopping experience.

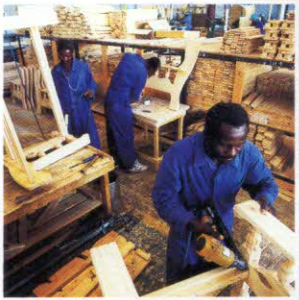
The year ahead will also witness significant expenditure on new, enhanced information technology.

acorn

Makers of
fine furniture

STAND 16787 CONALD ROAD
GRANITESIDE HARARE
FAX 754227 TEL 754222/3





The need to provide the growing customer base with a range of products that are consistent in quality and price has prompted the supply of a Pelhams "own brand" which is popular.



Review of Operations

KWEKWE MALTINGS

The capacity of Kwekwe Maltings was increased by one-third in October 1996 with the commissioning of a fourth germination box. Sales increased by 8% during the year. Barley malt exports increased by 35% to \$101 million, with local sales increasing in line with lager beer recovery.

Over \$20 million was spent on capital projects, with another \$13 million earmarked this year. The country's water supplies have ensured sufficient local barley supplies for the coming year.

FOOD AND INDUSTRIAL PROCESSORS (PVT) LTD

The year witnessed a recovery in the performance of this joint venture company with maize price reductions and strict cost control measures being the major issues.

Local and export tonnages of starch were encouraging, whilst the local off-take of glucose, despite its good quality, was down due to competition from imported finished confectionery products.

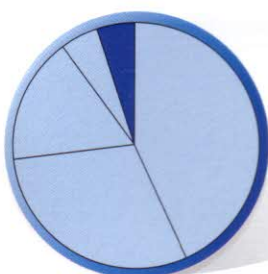
RUWA AGRO INDUSTRIES

Volumes, particularly for beverage crates, were significantly up on last year. At the same time the refrigeration division produced and sold a much greater quantity of coolers.

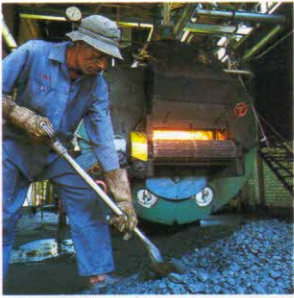
Towards the end of the year, in line with the division's objective of expanding its product base to reduce dependence on rigid returnable container sales, investments were made into the non-returnable PET bottle market and the large plastic can market.

The Delta Engineering Training Centre continued to supply the Group with well-trained apprentices and has continued to upgrade its electronically related training facilities.

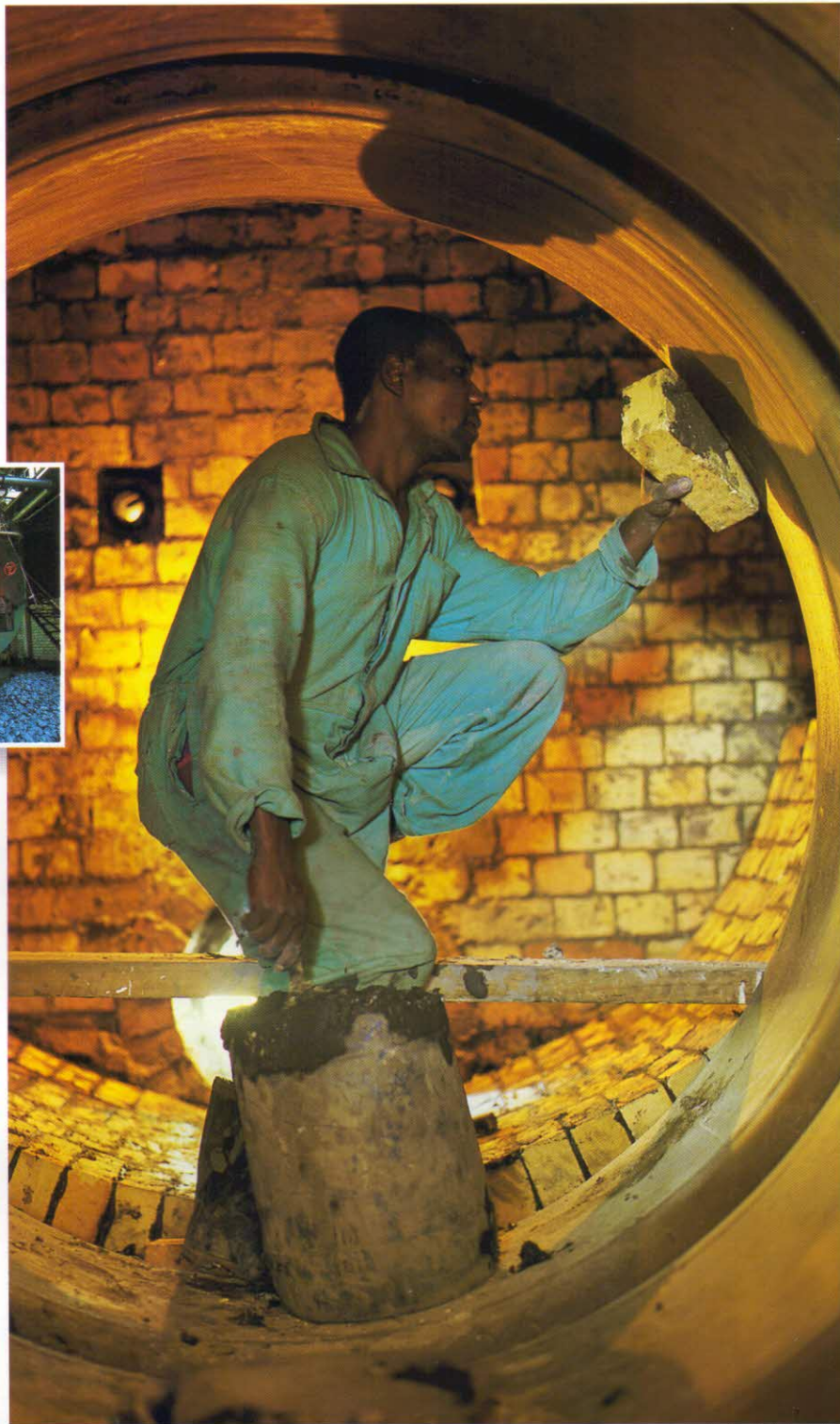
\$16 million was spent on capital items for the year, with a similar amount budgeted in the new financial year.



■ OPERATING INCOME
AGRO INDUSTRIAL 5%



The investment in
and development
of a concerted
energy reclamation
project has yielded
significant savings
on coal consumption
and has increased the
efficiencies of energy
utilisation.





ZIMBABWE SUN HOTELS

Zimbabwe Sun Limited

Tourist arrivals into the region continued to show the encouraging trend witnessed last year. An increase in arrivals of 12% from this segment into Group properties again helped offset reduced regional and local contributions. The latter two performed very poorly in the first quarter but have since begun to recover. Guests from South Africa, for example, were 44% down in the first three months but ended the year at an overall 22% lower.

Turnover increased by 33%, due mainly to the favourable change in the arrivals mix and a slightly increased length of stay. Over \$400 million was realised in foreign currency receipts.

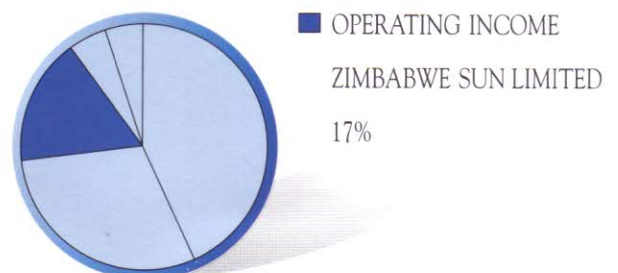
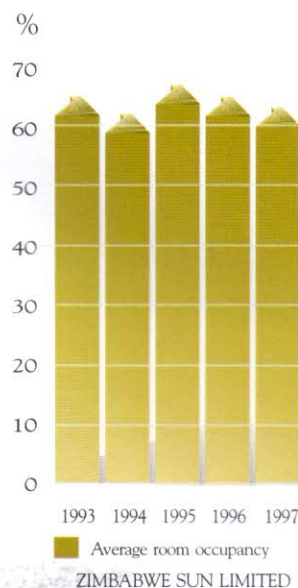
Improved operating methodologies and enhanced productivity boosted margins, despite the adverse impact of the tourism levy which had to be absorbed.

The past few years have witnessed the execution of a massive refurbishment and development plan. The recent 44 room expansion of the Victoria Falls Hotel is one example of the enhanced product level. Zimbabwe Sun Limited is now poised to reap the benefits of these actions. \$227 million was spent on capital projects during the year. The new year's budget has been set at a much reduced \$89 million.

Besides the product development, much has and will continue to be spent on training and marketing initiatives.

The re-branding of the Elephant Hills Hotel into the Intercontinental stable, together with the completely refurbished Holiday Inn in Mutare, have added to the Group's strategic alliance properties and thereby improved standards and enhanced marketing and technical support levels.

The encouraging trends in international arrivals coupled with recovery in the regional and domestic markets, augur well for the hotel industry in the year ahead. It must be borne in mind, however, that this year, Zimbabwe Sun Limited will achieve a tax paying status for the first time since its flotation in 1990. Attributable earnings are, however, forecast to grow in line with established trends.





The decision to focus
on top value
accommodation
whilst out-sourcing
restaurant facilities
has already been
successful for the
hotels, for their
guests and for the
restaurant owners
themselves.



Report of the Directors

The Directors present their Fiftieth Annual Report and the Audited Financial Statements of the Group for the Year ended 31 March 1997.

YEAR'S RESULTS

	<u>\$000's</u>
Earnings Attributable to Shareholders	541 262
Dividends	
Interim: 6,7 cents per share	
paid February 1997	(52 852)
Final: 23,3 cents per share	
payable August 1997	<u>(185 662)</u>
Total: 30,0 cents per share	
(1996: 21,8 cents)	<u>(238 514)</u>
Retained Income for the Year	<u>302 748</u>

FIXED ASSETS

Capital expenditure for the year to 31 March 1997 totalled \$466 million. The capital expenditure for the year to March 1998 is planned at \$794 million, of which \$124 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 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.

SHARE CAPITAL

At 31 March 1997, the authorised share capital of the company remained unchanged at \$45 000 000 but now comprises 900 000 000 ordinary shares of 5 cents each. The issued share capital has increased by the issue of 1 393 050 ordinary shares in accordance with the share option. In addition 17 619 222 ordinary shares were issued in lieu of a cash dividend bringing the total issued ordinary shares to 795 809 742. Accordingly, the issued capital is now \$39 790 487 and share premium totals \$353 301 000. The number of ordinary shares currently under option total 13 085 250.

SCRIP IN LIEU OF DIVIDEND

Once again shareholders will be given an opportunity to receive their final dividend payable out of profits for year to 31 March 1997 in scrip or in cash.

The Board of Directors are still of the opinion that 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

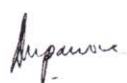
In accordance with Article 107 of the Articles of Association, N.G. Cox and W.H. Turpin retire by rotation. Dr. R.M. Mupawose will retire at the conclusion of his interim appointment. Being eligible they all offer themselves for re-election.

Miss A.L. Makwavarara and Mr A.S. Nyamatore have indicated their willingness to retire at the conclusion of the Annual General Meeting.

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. R.M. MUPAWOSE
Chairman



J. P. ROONEY
Group Chief Executive



H. D. GAITSKELL
Company Secretary

► 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 across 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 and its listed subsidiary, are constituted with an equitable ratio of executive to non-executive directors and meet at least quarterly. The Delta Board is chaired by a non-executive director.

DIRECTORS' INTERESTS

Each year Directors of the Company are required to submit in writing whether they have any material interest in any contract of significance with the Company or any of its subsidiaries which could have given rise to a related conflict of interest. No such conflicts were reported this year.

THE AUDIT COMMITTEE

The Audit Committee of the Board deals, inter alia, 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 members. It meets at least twice a year 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.

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 Institute of Chartered Accountants of Zimbabwe, The International Accounting Standards Committee and The International Federation of Accountants.

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.

► Directors' responsibility for financial reporting

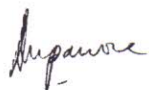
Delta's directors are required by the Companies Act to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit and cash flows 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, 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 1998. 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 behaviour, 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 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 and a comprehensive programme 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 1997, which appear on pages 43 to 70 have been approved by the Board of Directors and are signed on its behalf by:



DR. R. M. MUPAWOSE

Chairman



J. P. ROONEY

Group Chief Executive

Harare

16 May 1997

► Group Annual Financial Statements

REPORT OF THE INDEPENDENT AUDITORS

We have audited the financial statements set out on pages 43 to 70. 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 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 1997 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, 16 May 1997

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INCOME STATEMENTS

FOR THE YEARS ENDED 31 MARCH

	Notes	GROUP	
		1997	1996
		\$000's	\$000's
Turnover	3	6 188 080	4 719 926
Operating income	4	833 358	626 135
Financing costs	5	(119 650)	(97 703)
Equity accounted earnings		6 755	5 544
		720 463	533 976
Taxation	6	(127 973)	(107 109)
Income after taxation		592 490	426 867
Attributable to outside shareholders		(51 228)	(37 780)
Earnings attributable to shareholders		541 262	389 087
Dividends	7	(238 514)	(169 320)
Retained earnings for the year	12	302 748	219 767
Retained earnings for the year attributable to :			
Company		6 277	103 287
Subsidiaries		287 098	113 287
Associated companies and joint ventures		9 373	3 193
		302 748	219 767
Earnings per share (cents)			
- attributable earnings basis	2.6	68,8	50,1
- cash equivalent earnings basis	2.7	85,3	63,8
Dividends per share (cents)	7	30,0	21,8

Cash Flow Statements

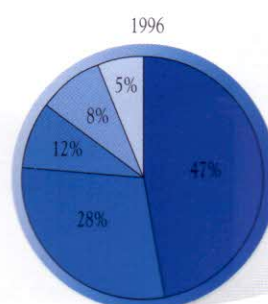
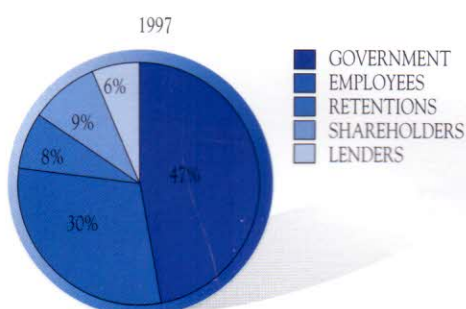
FOR THE YEARS ENDED 31 MARCH

		GROUP	
		1997 \$000's	1996 \$000's
Cash retained from operating activities	Notes		
Cash generated from trading	8.1	970 011	731 543
Utilised to increase working capital	8.2	(366 533)	(158 968)
Cash generated from operating activities		603 478	572 575
Financing costs		(119 650)	(97 703)
Taxation paid	8.3	(81 300)	(89 380)
Cash flow from operations		402 528	385 492
Dividends paid	8.4	(32 953)	(140 718)
Net cash retained		369 575	244 774
Cash utilised in investment activities			
Investment to maintain operations			
Replacement of fixed assets		(192 027)	(209 420)
Proceeds on disposal of fixed assets and investments		19 056	15 806
		(172 971)	(193 614)
Investment to expand operations			
Fixed asset additions		(292 977)	(163 651)
Increase in loans and investments		(20 288)	(10 340)
		(313 265)	(173 991)
Net cash invested		(486 236)	(367 605)
		(116 661)	(122 831)
Financing activities			
Increase in borrowings		121 994	159 268
Increase in cash		(7 990)	(39 874)
Increase in shareholder funding	8.5	2 657	3 437
Net financing raised		116 661	122 831
Cash flow per share (cents)	2.8	46.7	45.3
Cash flow from operations to net interest bearing debt		61%	71%

CASH VALUE ADDED STATEMENTS

FOR THE YEARS ENDED 31 MARCH

	GROUP	
	1997	1996
	\$000's	\$000's
Cash generated		
Cash derived from sales	5 840 887	4 566 011
Income from investments	1 002	926
Cash value generated	5 841 889	4 566 937
Cash payments outside the Group to suppliers of materials, facilities & services	(3 502 306)	(2 647 175)
Cash value added	2 339 583	1 919 762
Cash utilised to :		
Remunerate employees for their services	699 192	527 100
Pay income, sales and excise taxes to Government	1 104 502	902 606
Provide lenders with a return on monies borrowed	133 361	104 564
Provide shareholders with a reward for the use of their risk capital	32 953	140 718
Cash disbursed among stakeholders	1 970 008	1 674 988
Cash retained in the business		
From shareholders in exchange for scrip	168 606	12 504
Further retentions	200 969	232 270
Available to fund the replacement of assets and facilitate further growth	369 575	244 774



► Balance Sheets

AT 31 MARCH

	Notes	GROUP		COMPANY	
		1997 \$000's	1996 \$000's	1997 \$000's	1996 \$000's
Shareholders' funds					
Share capital	9	39 790	38 840	39 790	38 840
Share premium	10	353 301	200 880	353 301	200 880
Non-distributable reserves	11	10 364	9 007		
Distributable reserves	12	1 256 699	953 004	330 892	324 615
Shareholders' equity		1 660 154	1 201 731	723 983	564 335
Outside shareholders' interests in subsidiaries		334 515	283 405		
Total shareholders' funds		1 994 669	1 485 136	723 983	564 335
Tax equalisation		101 899	91 685		
		2 096 568	1 576 821	723 983	564 335
Interest bearing debt					
Long term financing	13	71 631	100 611		
Short term borrowings	13	639 391	488 417		
		711 022	589 028		
Total capital employed		2 807 590	2 165 849	723 983	564 335
Fixed assets					
Properties, plant, equipment and vehicles	14	2 091 840	1 758 659		
Investments, loans and trademarks	15	125 006	101 299	61 221	53 822
Interest in subsidiaries	16			665 150	510 215
		2 216 846	1 859 958	726 371	564 037
Current assets					
Stocks	17	677 410	504 410		
Debtors	18	1 045 334	640 707	183 657	130 225
Short term loans		12 717	9 452		
Bank balances		55 750	47 761		
		1 791 211	1 202 330	183 657	130 225
Total assets		4 008 057	3 062 288	910 028	694 262
Interest free liabilities					
Creditors	19	892 544	678 186	383	201
Taxation		122 261	88 528		1
Dividends payable		185 662	129 725	185 662	129 725
		1 200 467	896 439	186 045	129 927
Total employment of capital		2 807 590	2 165 849	723 983	564 335

FIVE YEAR FINANCIAL REVIEW

GROUP	5 Year Compound Growth % p.a.	1997 \$m's	1996 \$m's	1995 \$m's	1994 \$m's	1993 \$m's
CONSOLIDATED INCOME STATEMENTS						
Turnover	29,8	6 188	4 720	3 681	2 654	2 013
Taxed operating income	31,9	665	486	408	303	210
Taxed interest payable	46,9	(73)	(59)	(74)	(72)	(50)
Income after taxation	30,6	592	427	334	231	160
Outside shareholders	21,1	(51)	(38)	(35)	(18)	(9)
Earnings attributable to ordinary shareholders	31,7	541	389	299	213	151
Dividends	33,3	(238)	(169)	(130)	(86)	(61)
Retained income	30,6	303	220	169	127	90
CONSOLIDATED BALANCE SHEETS						
Shareholders' equity	31,5	1 660	1 202	975	804	522
Outside shareholders		335	283	246	180	164
Total shareholders' funds	30,6	1 995	1 485	1 221	984	686
Tax equalisation		102	92	78	65	55
Interest-bearing debt	15,4	711	589	430	454	376
Capital employed	24,9	2 808	2 166	1 729	1 503	1 117
Assets						
Long term		2 217	1 860	1 590	1 310	1 007
Current		1 791	1 202	883	699	474
Total Assets	26,8	4 008	3 062	2 473	2 009	1 481
Interest-free liabilities	31,8	(1 200)	(896)	(744)	(506)	(364)
Employment of capital	24,9	2 808	2 166	1 729	1 503	1 117

Five year financial review

GROUP STATISTICS

	1997	1996	1995	1994	1993
--	------	------	------	------	------

SHARE PERFORMANCE

Per share (cents)

Attributable earnings	69	50	39	29	21
Cash equivalent earnings	85	64	48	37	28
Dividends	30	22	17	11	8
Cash flow	47	45	49	27	29
Net asset value	209	155	126	104	72
Closing market price	1 725	717	333	417	73
ZSE industrial index	10 170	4 829	2 942	3 465	971

Share information

In issue (000's)	795 810	776 797	775 776	775 670	723 891
Market capitalisation (\$m's)	13 728	5 567	2 586	3 230	531
Trading volume (000's)	33 717	130 410	23 550	56 700	19 470
Trading percentage (%)	4,3	16,8	3,0	7,7	2,7

RATIOS AND RETURNS

Profitability

Return on equity	32,6	32,4	30,7	26,5	29,0
Income after taxation to total capital employed (%)	21,1	19,7	19,3	15,4	14,4
Taxed operating return (%)	23,7	22,4	23,6	20,1	18,8
Pretax return on total assets (%)	18,0	17,4	17,9	14,5	15,1

Solvency

Long term debt to total shareholders' funds (%)	3,6	6,8	12,2	9,1	10,4
Financial gearing ratio (%)	32,9	36,4	34,5	44,0	54,1
Interest cover (times)	6,3	6,0	4,2	3,2	2,4
Total liabilities to total shareholders' funds (%)	100,9	106,2	102,5	104,2	115,9

Liquidity

Current assets to interest free liabilities & short term borrowings	0,97	0,87	0,86	0,80	0,71
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Productivity

Turnover per employee (\$000's)	443	357	276	206	176
Turnover to payroll (times)	8,85	8,95	9,02	8,90	8,68
Cash value added to payroll (times)	3,35	3,64	3,89	3,78	4,31

Other

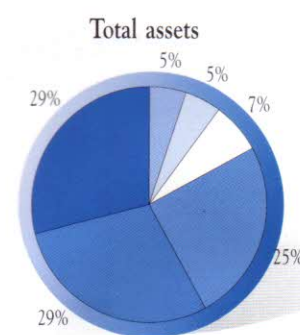
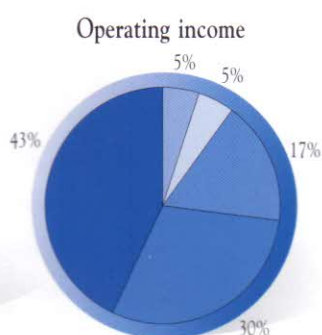
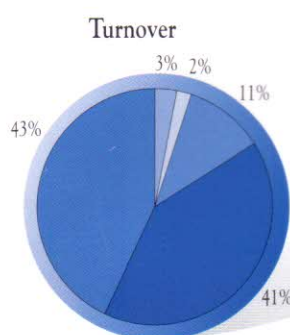
Number of employees	13 969	13 232	13 347	12 860	11 411
Number of shareholders	1 504	1 318	1 267	1 269	1 276

Had the Group revalued operating fixed assets, key statistics would have been:

Net asset value (cents per share)	369	258	194	160	146
Financial gearing ratio (%)	20,0	23,6	23,8	30,2	29,9
Taxed operating return (%)	14,9	15,0	16,2	13,5	10,8

FIVE YEAR FINANCIAL REVIEW

SEGMENTAL	5 Year Compound Growth % p.a.	1997 \$m's	1996 \$m's	1995 \$m's	1994 \$m's	1993 \$m's
Turnover						
Beverages		2 690	2 113	1 747	1 293	1 057
Retail		2 535	1 862	1 397	979	661
Hotels		672	506	404	296	236
Agro-Industrial		180	149	94	64	51
Miscellaneous		111	90	39	22	8
Group	29,8	6 188	4 720	3 681	2 654	2 013
Operating income						
Beverages		364	272	272	210	157
Retail		256	165	113	67	40
Hotels		142	96	88	63	47
Transport		48	43	45	45	39
Agro-Industrial		46	37	22	16	21
Miscellaneous		(23)	13	28	12	8
Group	28,5	833	626	568	413	312
Total assets						
Beverages		1 182	1 020	898	739	468
Retail		996	569	401	288	197
Hotels		1 157	899	720	620	568
Transport		180	180	142	120	92
Agro-Industrial		207	182	159	117	82
Miscellaneous		286	212	153	125	74
Group	26,8	4 008	3 062	2 473	2 009	1 481



Notes to the financial statements

1 ACCOUNTING POLICIES

The principal accounting policies of the Group, which are set out below are, in all material respects, consistent with those applied in the previous year and conform with standards issued by the International Accounting Standards Committee.

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, joint ventures and other business interests 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.

Notes to the financial statements

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.

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.

The amount not provided for on the full liability basis is shown as a contingent liability.

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 over the following twenty-five years. At the end of the period all rights in the apartments revert to the company.

Profits are taken into 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 (T I M E S)

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

2.3 NET ASSETS

These are equivalent 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 total capital employed, 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: 787 327 807(1996 - 776 099 871). Fully diluted earnings per share is not disclosed as the extent of dilution is not considered material.

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:-

NOTES TO THE FINANCIAL STATEMENTS

	1997 \$000's	1996 \$000's
Earnings attributable to shareholders	541 262	389 087
Adjusted for:		
Non-cash items	136 653	105 408
Equity accounted retained earnings	(4 029)	(3 083)
Tax equalisation	10 214	13 950
Less: minority share of adjustments	(12 350)	(10 290)
Cash equivalent earnings	671 750	495 072
Cash equivalent earnings per share (cents)	85,3	63,8

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 TURNOVER

	GROUP	
	1997 \$000's	1996 \$000's
Sales proceeds	5 286 015	4 020 419
Excise and levies	760 624	632 762
Sales tax	262 578	180 464
Other	318 877	219 191
	6 628 094	5 052 836
Less: intra-group sales	(440 014)	(332 910)
	6 188 080	4 719 926
Export sales included above	520 025	382 272

Notes to the financial statements

4 OPERATING INCOME

GROUP

1997	1996
\$000's	\$000's

Operating income is arrived at after taking into account:-

4.1 DEPRECIATION OF FIXED ASSETS

Buildings	10 157	5 763
Plant, equipment and vehicles	117 326	98 273
	127 483	104 036

4.2 INTEREST RECEIVABLE

Long term loans	6 931	1 777
Short term loans	11 115	7 561
	18 046	9 338

4.3 EXCHANGE LOSSES

Gross amount	9 731	21 263
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4.4 COST OF STOCKS RECOGNISED AS AN EXPENSE

Gross amount	2 575 551	2 036 067
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4.5 AUDITORS' REMUNERATION

Current year audit fees and expenses	4 637	3 778
Prior year underprovision	717	387
	5 354	4 165

Included in current year Group audit fees are fees for the company of \$198 000 (1996 - \$165 000).

NOTES TO THE FINANCIAL STATEMENTS

		GROUP	
		1997	1996
		\$000's	\$000's
5	FINANCING COSTS		
	Long and medium term financing	4 166	19 646
	Short term borrowings	129 195	84 918
	Gross amount	133 361	104 564
	Less capitalised	(13 711)	(6 861)
		119 650	97 703
6	TAXATION		
6.1	TAXATION CHARGE		
	Income tax:		
	Holding company and subsidiaries		
	Current - standard	112 845	93 331
	- development/drought levy	5 265	4 229
	Prior years - standard	(3 077)	(6 862)
	Associated companies		
	Current	2 726	2 461
		117 759	93 159
	Tax equalisation	10 214	13 950
		127 973	107 109
	The estimated tax loss in group companies available to offset future taxable income in those companies amounts to approximately \$59 000 000 (1996 - \$ 68 000 000).		
6.2	RECONCILIATION OF RATE OF TAXATION		
		%	%
	Standard rate	39,4	39,4
	Adjusted for :		
	Capital allowances in excess of depreciation	(12,1)	(12,7)
	Net allowance on instalment debtors	(7,9)	(1,1)
	Tax equalisation	1,4	2,6
	Utilisation of subsidiary tax losses	(1,6)	(5,8)
	Other adjustments including permanent differences	(1,4)	(2,3)
		(21,6)	(19,3)
	Effective rate	17,8	20,1

Notes to the financial statements

		GROUP	
		1997	1996
		\$000's	\$000's
7	DIVIDENDS		
		1997	1996
		cents	cents
	Interim	6,7	5,1
	Final	23,3	16,7
		30,0	21,8
		52 852	39 595
		185 662	129 725
		238 514	169 320
8	CASH FLOW INFORMATION		
8.1	CASH GENERATED FROM TRADING		
	Operating income	833 358	626 135
	Depreciation	127 483	104 036
	Loss on sale of fixed assets and investments	2 329	257
	Other	6 841	1 115
		970 011	731 543
8.2	UTILISED TO INCREASE WORKING CAPITAL		
	Increase in stocks	(173 000)	(53 894)
	Increase in debtors and short term loans	(407 891)	(225 842)
	Increase in creditors	214 358	120 768
		(366 533)	(158 968)
8.3	TAXATION PAID		
	Liability at beginning of year	(88 528)	(87 210)
	Taxation provided (see note 6)	(117 759)	(93 159)
	Associated company taxation	2 726	2 461
	Liability at end of year	122 261	88 528
		(81 300)	(89 380)

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DELTA CORPORATION LIMITED
