Delta Corporation Limited
1999 Annual Report

DELTA CORPORATION
LIMITED

Building for a Sustainable Future

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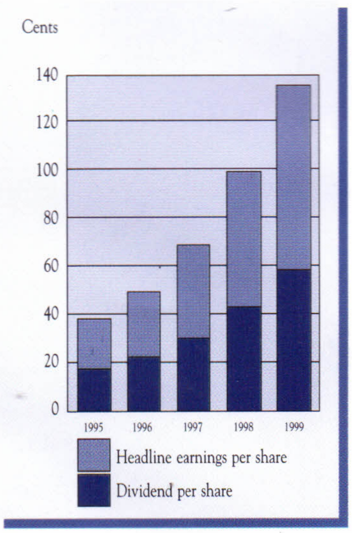
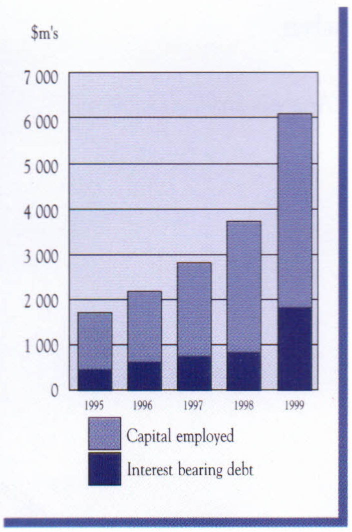
Financial Highlights

	1999	1998
GROUP SUMMARY ($MILLION)		
Turnover	12 001	8 389
Cash value added	5 105	3 445
Income after taxation	1 483	879
Attributable earnings	1 188	807
Headline earnings	1 110	800
Total assets	8 637	5 477
Market capitalisation	8 067	12 201
SHARE PERFORMANCE (CENTS)		
Earnings per share		
- attributable earnings basis	145	100
- headline earnings basis	135	99
- cash equivalent earnings basis	143	121
Cash flow per share	93	80
Dividends per share	58	43
Net asset value per share	398	290
Market price per share	975	1 500
FINANCIAL STATISTICS		
Return on equity (%)	36,1	34,2
Financial gearing ratio (%)	39,0	28,1
Interest cover (times)	3,7	6,9





Our future lies in our brands

Throughout our divisions, efforts are focused on managing, strengthening and solidifying the relationship between our brands and our customers, incorporating all internal and external factors that affect that relationship.

The essence of our current and future success is that each division under review this year continuously strengthened various aspects of this relationship, resulting in customers placing increased value on our brands.

Our Beverage Division manages and facilitates the development of leading international brands: our carbonated soft drink company bottles Coca-Cola, Diet Coca-Cola, Fanta, Sprite, Sparletta and Schweppes, whilst National Breweries, under international brand auspices, brew Castle, Lion and Carling Black Label. Zambezi Export Lager, Golden Pilsener and Bohlinger's make up the local brand contingent.

Packaging and marketing innovations have given Chibuku and Thabani, our sorghum beer brands, a degree of unparalleled differentiation from other local products. The Chibuku brand has become synonymous with traditional beer in the sub-region, whilst our brand expansion has further widened the availability of Thabani to a national scale.

The presentation of Beverage brands to our customers has been upgraded this year with the emphasis on sophisticated and aesthetic coolers, containers and fridges. Our local brands have undergone successful packaging upgrades.

Strong brand recognition is enjoyed throughout all OK Zimbabwe and Bon Marché outlets due to our mass merchandising operations which have been enhanced further by the OK Grand Challenge, the country's leading promotion culminating in the now famous horse race.

J. Pelham (Pvt) Ltd, our furniture retailing company, encompasses three branded retail stores in Pelhams, Furniture Discount Centre and Bradlows. In the future, factories exclusively supplying these chains will brand their products, bringing the consumer the security and consistency that an open market demands.

Our alliance with international high profile brands, such as Intercontinental and Holiday Inn, enhance our hotel interests. In regard to Holiday Inn we operate under the sub-brands of Crowne Plaza, Holiday Inn and Express units. All brands naturally benefit from the continuous upgrading of our products to meet customer satisfaction, in line with international standards. Sun Hotels, Sun Resorts, Safari Sun and Sun Leisure are the local brands under Zimbabwe Sun Limited. These, although still in their infancy, have been formed to differentiate the local and foreign market.

At the forefront of our endeavours is the positioning and promotion of our brands. Without consumers our brands would have little value, yet without effective brand custodianship, our consumers would equally have little value. Therefore, it is this ever-changing balance that keeps driving us toward the betterment of both.

Company Profile

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.

DELTA CORPORATION LIMITED

Organisational Vision

CORE VALUES

• Integrity, Honesty and Discipline •

We believe in integrity, honesty and discipline. At all times our actions will be ethical and fair. This principle is fundamental to 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 recognise 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 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.

Safety, Health and Environmental Policy

Delta believes that the protection of the environment is critical to the long term sustainable future for 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.

Delta recognises that productivity in its businesses is directly related to the health and welfare of its employees and the positive interaction of its operations with neighbouring communities.

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 continuous improvement in safety, health and environmental performance aspects which impact on employees, customers and the community through setting standards in a process of proactive risk management, subject to internal and external compliance;
- Involve employees and their representatives in participative endeavours to agree and implement health and safety improvement programmes;
- Provide education and training to employees in preventative health care, first aid and safety procedures;
- Develop and implement standards to achieve the highest industry safety standards;
- Provide on-site or adjacent primary health clinic facilities where possible for employees;
- Support research initiative into dread diseases in Africa;
- Promote environmental awareness, reponsibility 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:
Environmental Forum of Zimbabwe
World Business Council for Sustainable Development
International Chamber of Commerce
International Network for Environmental Management

JP Rooney

J. P. Rooney
Group Chief Executive
30 June 1999

Portfolio of Businesses

GROUP STRUCTURE

DELTA CORPORATION LIMITED

100%	DELTA OPERATIONS (PRIVATE) LIMITED

100%	BEVERAGES
70%	CHIBUKU MOCAMBIQUE LIMITADA (incorporated in Mozambique)
100%	OK ZIMBABWE
60%	J PELHAM (PRIVATE) LIMITED
100%	TRANSPORT
100%	AGRO INDUSTRIAL
70%	POLYCON CONVERTERS ZIMBABWE (PRIVATE) LIMITED
51%	MEGAPAK (PRIVATE) LIMITED
40%	MASTERFRIDGE (ZIMBABWE) (PRIVATE) LIMITED
51%	FOOD AND INDUSTRIAL PROCESSORS (PRIVATE) LIMITED

63,9%	ZIMBABWE SUN LIMITED

15%	AFRICAN DISTILLERS LIMITED

EXCEPT AS INDICATED, ALL GROUP COMPANIES ARE INCORPORATED IN ZIMBABWE

Portfolio of Businesses

ACTIVITIES

BEVERAGES

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

Chibuku Breweries
Brewing sorghum beer. 17 Breweries (including one in Mozambique)
Chibuku, Rufaro, Thabani

United Bottlers
Bottling carbonated & non-carbonated soft drinks, 3 Bottling Plants
Coca-Cola, Diet Coke, Fanta, Sparletta, Sprite, Schweppes

RETAIL

OK Zimbabwe
Mass merchandising, 34 OK Stores, 4 Bon Marche´ Stores

J Pelham (Private) Limited
Specialist furnishers, 28 Outlets, 2 Factories

TRANSPORT

Delta Distribution
Provision and maintenance of primary and secondary vehicles
& the distribution of beverage products
20 Workshops, 2 Combined Distribution Centres

AGRO INDUSTRIAL

Kwekwe Maltings
Barley malting, 1 Malting Plant

Portfolio of Businesses

ACTIVITIES

ZIMBABWE SUN LIMITED

Zimbabwe Sun Hotels

Management of hotels
City and Town, 5 Hotels
Resort, 6 Hotels
Wildlife, 10 Lodges and Camps

Zimbabwe Sun Casinos
Casino management, 3 Casinos
Zimbabwe Sun Vacations Timeshare resorts, 2 Resorts

FOOD AND INDUSTRIAL PROCESSORS (PVT) LTD

Food processing,
1 Factory

MEGAPAK (PVT) LTD

Manufacture of PET, injection and blow moulded plastic products,
1 Factory

POLYCON CONVERTERS ZIMBABWE (PVT) LTD

Manufacture of rotomoulded plastic products,
1 Factory

MASTERFRIDGE (ZIMBABWE) (PVT) LTD

Manufacture of domestic refrigerators and beverage coolers,
1 Factory

AFRICAN DISTILLERS LIMITED

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

Directorate and Management

BOARD OF DIRECTORS

CHAIRMAN	
Dr. R. M. Mupawose	B.Sc.; MSc(Agron)., PhD. †
GROUP CHIEF EXECUTIVE	
J. P. Rooney	CA(Z); CA(SA) *†
EXECUTIVE DIRECTORS	
J. Koumides	B.Acc. (Hons); CA(Z)
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) *†
M. E. Kahari	BA*
M. H. Simms	B.Sc; MBA
Dr. E. S. Mazhindu	M.B; ChB(Natal)
S. H. Musesengwa	
T. N. Sibanda	B.Acc; CA(Z) *
W. H. Turpin	BA; LLB *†

* Member of the Group Audit Committee † Member of the Remuneration Committee

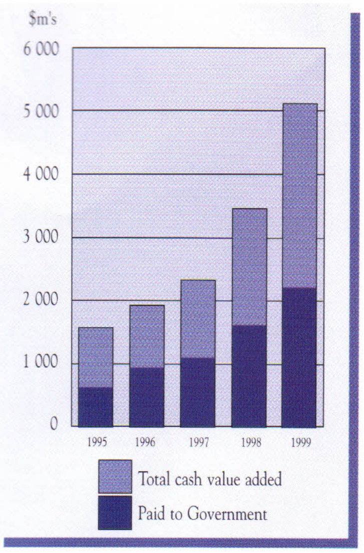
FINANCE AND ADMINISTRATION		
J. S. Mutizwa	B.Sc.Soc.Sc. (Hons); MBA	Director - Beverages
J.E. Smith	B.Comm; CA(Z); CA(SA); MBA	Director - Hotels
V. W. Zireva	B.Acc. (Hons); CA(Z); MBL	Director - Retail
J. Koumides	B.Acc. (Hons); CA(Z)	Director - Finance
H. D. Gaitskell	FCIS	Group Secretary
M. S. Manyumwa	B.Sc. Sociology (Hons); M.Sc	Director - Group Human Resources
A. T. Wright	B.Sc.Eng.; M.Sc; MBA	Director - Group Information Technology
Dr M. S. Mushiri	B.Sc. (Hons); M.Sc.Phd	Director - Group Procurements
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	Mega Industries
A. R. Katsande	B.Sc. Eco. (Hons); MBA	OK / Bon Marche´
J. R. Rouse		J Pelham (Private) Limited
J.E. Smith	B.Comm; CA(Z); CA(SA); MBA	Zimbabwe Sun Limited

board of directors

Chairman's Statement

INTRODUCTION

The poor economic environment that currently plagues Zimbabwe has resulted in the Group performing marginally below initial expectations. However, I am happy to report that the Group has come out of a tough year with a markedly strengthened asset base that should hold it in good stead in the years ahead. The March 1999 financial year was characterised by significant expansions in the Group, including the redevelopment of the Makasa Sun into The Kingdom at Victoria Falls. If this project were to start now, building costs would more than double and short term viability would be threatened. Delta Corporation has certainly lived up to its maxim of "Building for a Sustainable Future".



The Group's results were affected by a poorer second half than originally anticipated due to the effect of diminished consumer spending power. Beverage volumes fell somewhat, particularly in the soft drink sector, whilst retail sales only started recovering from December 1998.

The Group's contribution to the economy is underscored by its Cash Value Added of $5,1 billion. This represents a 48% increase over last year and is more than double that of two years ago.

ENVIRONMENTAL OVERVIEW

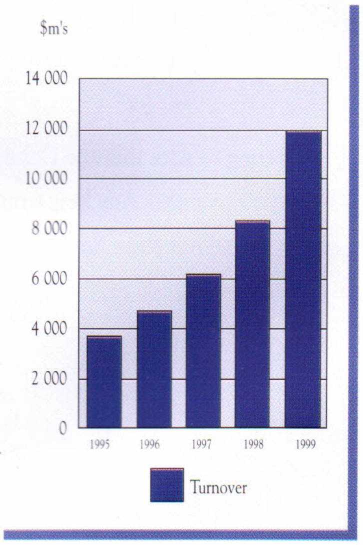
Sadly, the socio-political and macro-economic uncertainties facing all Zimbabweans continue unabated. I will concentrate on economic statistics a little later, but I feel that certain fundamental issues need to be addressed at the outset. Only a year ago I stated that "the negative impressions of the country that have resulted need to be addressed with urgency and vigour. It would be unthinkable to let these developments overshadow the massive potential of a highly resilient country. A spirit of partnership exhibited by all players in the economy is vital to ensure that solutions are found and expeditiously implemented. The Government, together with the private sector, including labour, need to say and do the right things". It perturbs me that so little has happened since then that would help restore much needed confidence in Zimbabwe. It is anathema to me that we, as a nation, continue to mortgage the future of our children at the expense of short term gain. The time has come for restraint to be shown in all pronouncements made. Unfortunately, Zimbabweans tend to do a lot of talking but spend very little time doing the things that need to be done. Business seems afraid to forceably provide guidance and leadership together with labour and Government. Confidence must be restored. The international community has shown its willingness to support issues such as land redistribution, provided that the matters are dealt with transparently and will benefit the country's people. We need to now go forward with humility, honesty and integrity.

statement

The poor economic landscape that emerged in late 1997, has worsened. Inflation averaged 37% for the year to March 1999 and has exceeded 50% recently. Impressive fiscal discipline was exhibited for the first nine months of 1998, with the budget deficit running at little over 1%. However, the full year's outturn of over 4% reflects a very poor level of management in the last quarter. The population of Zimbabwe cannot be expected to continually fund loss-making enterprises or ventures. At the same time nothing can be gained in the medium to long term by imposing central control over even non-basic commodities. The problems will only be compounded in the future.

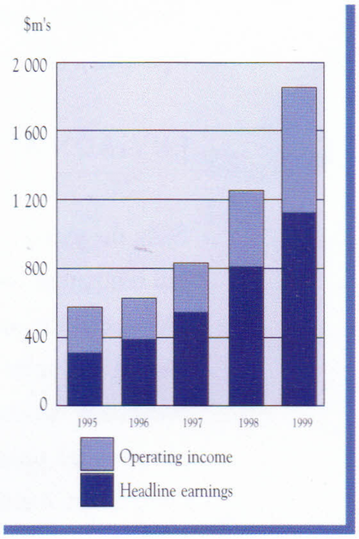
FINANCIAL RESULTS

Turnover increased by 43% to $12 billion with export earnings up 51% at $1,1 billion. These exports were mainly achieved through the Group's hotel and barley malt interests and will continue to receive focus so that their contribution to the Corporation and the country grows exponentially.



Chairman's Statement

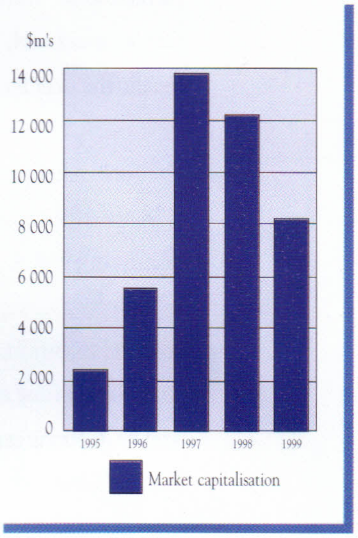
Operating income grew by 47%. Its compounded growth of 35% over the last five years well exceeds the average rate of inflation over the same period. Only the retail sector exhibited sluggish growth in operating income, reflecting a poor period for the entire industry in mid to late 1998. Particularly pleasing growth came from the hotel and agro-industrial sectors.



Non-recurring items added a gross figure of $99 million to attributable earnings. The make up of these items is expanded upon in the operational reviews and the notes to the financial statements.

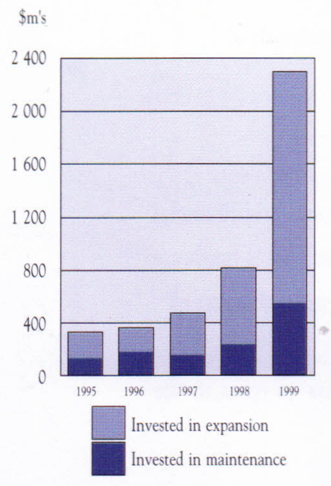
Financing costs amounted to $362 million, just over double last year's figure. This was after the capitalisation of $162 million into major projects. Interest cover is well below the Group's preferred threshold of six times and reflects the high cost of borrowing as well as the significant capital expenditure undertaken. There was also very little flexibility to borrow offshore during the year, due to the devaluation risks involved. The registering of $101 million in exchange gains was very pleasing and helps exhibit a more favourable financing position in comparison to last year if they, together with interest receivable, were to be netted against financing costs.

The Group's tax burden has come down dramatically from last year due to the high level of capital expenditure and the tax saving applicable to reorganisational costs. Tax equalisation of $53 million has been written back to counterbalance the short term reversal of allowances in respect of instalment debtors following the sale of 40% of the Pelhams business to Protea Furnishers Limited in July 1998.



Earnings attributable to shareholders increased 47%. After adjusting for non-recurring items, headline earnings rose 39%. The dilutionary effect of new shares, issued for scrip in lieu of dividends and share options taken up, resulted in headline earnings per share going up by 36% to 135 cents.

It is sobering to note that the Delta share price in US$ terms currently sits at 24% of its value a year ago. Any long term investor should find it difficult not to buy such a quality counter at these depressed levels.



INVESTMENT AND FUNDING

The Group invested a record amount in capital expenditure this year. $545 million was spent on maintaining operations. After bringing to account proceeds on the partial disposal of business interests of $426 million, the net maintenance programme amounted to $119 million. $1,7 billion was used to expand and upgrade the asset base. The main components of this were the new Kingdom at Victoria Falls, a Holiday Inn Express at Beitbridge, a new bottling line for United Bottlers, fermenters, storage tanks and electronic bottle inspectors at National Breweries, a new Chibuku brewery at Hwange and the new OK store in Machipisa.

Working capital requirements absorbed $402 million, which arose mainly out of containers, raw material stockpiling, merchandise stocks and trade debtors. Inflation and currency depreciation have certainly taken their toll. Despite this, cash flow from operations improved 35% to $949 million. Nevertheless, the massive expansion programme has taken the Group's borrowings up to a net of $1,6 billion, representing a gearing ratio of 39%. This is expected to rise in the short term but should reduce to below 30% by 31 March 2000 due to a significant drop in capital project commitments in the new year.

Nearly $2,2 billion has been paid to the Government in income, sales and excise taxes. Over and above this, the fiscus would have received a significant portion of the $1,4 billion paid to employees.

The taxed operating return has risen to 28,2%, up from 26,5% a year ago, but still below the targeted minimum of 30%.

INTERNATIONAL ACCOUNTING STANDARDS

The Group prides itself on producing financial statements of the highest calibre. It has been awarded the Herald Trophy for the best annual report many times including the last two years. Every effort is made to comply with, and even anticipate, where appropriate, the requirements of the International Accounting Standards Committee. This year it became mandatory to provide for deferred tax on the full liability basis. Last year it was clearly stated in this review that the Group felt that this treatment was inappropriate for high inflation economies. High inflation and currency depreciation result in capital expenditure creating adequate tax shields well into the future. It is incongruous to expect current shareholders to bear the funding of capital expenditure and not to reap the fruit of the tax incentives until many years later. The Group will adopt the new standard for deferred tax when inflation in Zimbabwe has been sustained at single-digit figures for at least a full calendar year.

Chairman's Statement

The Group's stance leaves our auditors with no choice but to qualify their opinion. The full effect of non-compliance on earnings and earnings per share is disclosed in note 23 to the financial statements.

YEAR 2000 COMPLIANCE

The Group's year 2000 programme is well on course and all "mission-critical" operational and financial systems have been tested using appropriate methodologies. All required upgrades or replacements of hardware or software are, or will soon be, in place. Approximately $6 million will have been spent in this regard.

The Group is concerned that significant infrastructural service providers have been slow to react to the problem and has taken all steps possible to heighten their awareness of the issues.

DIRECTORATE

Mrs K. E. K. Indi and Mr. E. A. G. Mackay resigned from the Board of Directors on 1 June 1999. I thank them both for their contributions during their relatively short period of service. Mr. M. H. Simms has joined the Board and brings with him exceptional knowledge of the beverage sector.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

The Group remains at the forefront of Corporate Governance practices and its broad principles are enumerated later in the report.

chairman's

Effective risk management is integral to the Group's objective of consistently adding cash value to the business. The focus of risk management in Delta is on identifying, assessing, managing and monitoring all known forms of risk across the entire Group. An appropriate risk analysis framework is used to identify the major risks which the Group must manage in serving its stakeholders.

The management of risk and loss control is decentralised, but in compliance with the Group policies on risk financing, including self-insurance, the process is reviewed centrally on a quarterly basis and is supervised by the Group's various Audit Committees.

SAFETY, HEALTH AND ENVIRONMENTAL MANAGEMENT

The Corporation's policy on this subject is recorded towards the front of this report. Our belief in the protection of our environment and the health and safety of our employees ranks high on our priorities.

National Breweries and Kwekwe Maltings, which are currently ISO 9002 certified, and Chibuku Breweries, will achieve ISO 14001 accreditation in the coming year and Zimbabwe Sun Limited has recently attained ISO 9002 status for Victoria Falls Hotel.

Healthcare facilities are provided at most of our operations. They are supervised by a full time doctor who is ably assisted by qualified nursing sisters.

Safety committees are in place throughout the Group to ensure all necessary safety practices are closely monitored and adhered to.

HUMAN RESOURCES

The Group believes strongly that its long-term competitive advantage rests on the quality of people and skills that it employs. Certain of our Core Values, namely Integrity, Honesty and Discipline, Respect for the Individual and Teamwork are aimed at building a long-term culture of shared understanding throughout the Group.

Our training efforts during the year were geared at creating a positive balance between technical and behavioural skills. A total of 172 senior managers and executives participated in our management and leadership development programmes at Mandel Training Centre, while 51 artisans qualified at the Delta Engineering Training Centre. The attainment of 2,5 man training days per annum during the year highlights the Group's objective of continuously upgrading its skills base in order to remain competitive. The overall target is five days and all efforts will be put into achieving this.

The Group experienced very positive and productive industrial relations during the year and the Works Councils continued to play a pivotal role in facilitating open communication within the operations. Emphasis on communication has been maintained at a high level through Manpower Co-ordinating Committees, Staff Development Panels, Staff Liaison Committees and Workers' Committees.

Chairman's Statement

The Group is cognisant of the hardships being faced by many of its people and therefore remains at the forefront of reward structures in its various industries.

CORPORATE SOCIAL REVIEW

Delta continues to live by the maxim of being a good corporate citizen. During the year many events and projects across all sectors of the community received support from the Corporation at a cost of over $20 million.

Education benefited through our continued Schools Assistance Programme, where another eight schools, one from each of the provinces, received a combined $1 million for the construction of classroom blocks. Moreover, the Group generously assisted in the construction of the Zimbabwe Republic Police's college at Hatcliffe and built the Delta Lecture Theatre at the National University of Science and Technology. Many other initiatives took place in the field of education such as the award of bursaries.

In the health arena the Group has sponsored research in HIV/AIDS in an effort to better manage this pandemic. The Group is concerned with the effect of the disease on its stakeholders and is cognisant that much needs to be done in the areas of succession planning and staff counselling. Support was also given to the Friends of Zimbabwe Hospitals Trust, an institution which the Group played a major role in setting up.

The Group played a major part in the construction of Harare's Centenary Fountain and Centenary Bridge as well as the development of the Machipisa foot bridge and bus terminus.

Sport was, once again, well supported. The setting up of the Delta Sports Foundation, helped by Daimler Chrysler, resulted in $2,4 million going towards athletics. The effort to create new national sporting heroes got off to a good start with great performances registered in many international, continental and regional athletic events. The Group continues to be a major sponsor of horse racing, football, tennis, rugby, cricket, cycling, basketball, golf and a host of other minor disciplines.

Art and culture were ably supported through sponsorship of the successful Harare International Festival of the Arts, the Neshamwari Traditional Dancing Festival and other events.

Delta has played a pivotal role in the securing of US$1 million of World Bank funding for the restocking of game in the Save Valley Conservancy in the south-east of Zimbabwe. This project easily ranks as one of the pre-eminent wild life conservation initiatives in the world.

Support of young entrepreneurs continues through Stand Up and Go, where existing participants received assistance and nurturing. No new projects were taken on this year.

FUTURE PROSPECTS

The review of operations covers many initiatives in place, or to be undertaken, to help the Group achieve world class status.

With few capacity constraints and the level of capital expenditure recently undertaken, the Group is well positioned to take advantage of any rise in consumption expenditure.

Expansion projects will be curtailed this year as the Group consolidates its position and manages its debt level downwards.

Whilst the year ahead will be tough, the recent good rains and the demutualisation of a major life assurer in the near future will bring much needed funds into the economy and the Group is poised to benefit in this regard. Progressive and far sighted statements and policies are urgently required to restore confidence and establish macro-economic stability. The erosion of the quality of life of our citizens must be arrested.

The Group's diversified portfolio of businesses will support growth in earnings and dividends in the year ahead. The Group will continue to focus on growing shareholder value in real terms.

APPRECIATION

As Chairman, I once again express my gratitude to all the Delta family, from the Directors and Executives to the workers at all levels, for their guidance and hard work throughout the year. The contributions made by everyone in such hard times is much appreciated.

I have no doubt that Delta will continue to prosper and will continue to meet or exceed all stakeholder expectations.

Mupawose

DR. R. M. MUPAWOSE
CHAIRMAN
1 June 1999

Review of Operations

NATBREW

NATIONAL BREWERIES

National Breweries' volumes were down 3% for the year. The pattern during the period was extraordinary. Last year's volumes had grown 22% on the back of the war veterans' ex-gratia payments. This had resulted in a very buoyant last quarter. This trend continued into the first quarter of the new financial year but became unsustainable once inflation began to take its toll on consumer spending. An increase in excise duty levels from 77,5% to 80% of ex-factory price in October 1998 did not help. Nevertheless, it is pleasing that the volumes still registered growth of 18% over those attained two years ago.

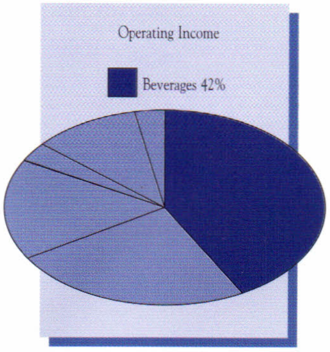
In this, the hundredth year of lager beer brewing in Zimbabwe, Natbrew continued to jealously guard product quality thresholds and its image in the market through focused management of all aesthetic criteria such as packaging, signage, strategic placement of branded coolers and exciting promotions of all products. The rural sector has reacted well to these initiatives, with volumes growing by more than 3%.

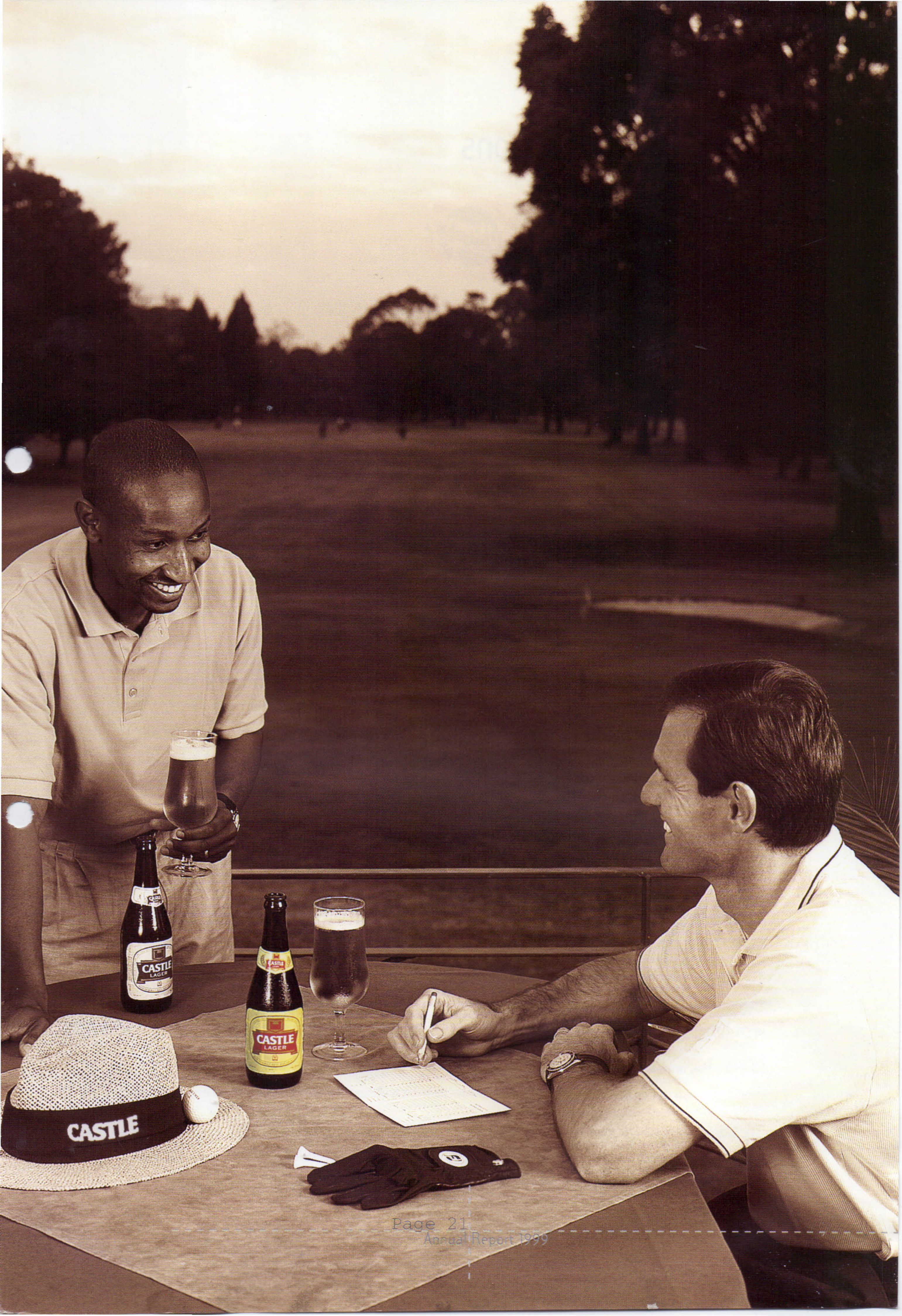
Two brands performed particularly well during the year. Golden Pilsener grew nearly 43% whilst Lion Lager achieved a 21% upturn in volumes. Exports, mainly of Bohlinger's and Zambezi, were well up, although they make up a small portion of total sales. The export market will receive heightened attention and aggressive growth targets have been set. Castle Lager, the pre-eminent brand, will benefit from focused brand management in order to grow its market share. All products will benefit from the appointment of brand managers and customers will see the positive impact of key account managers.

Over $279 million was spent on capital items during the year with the majority of it relating to new fermenters, storage tanks and electronic bottle inspectors. Various projects this year will absorb $113 million.

Natbrew has continued to maintain its leadership role in the community with its generous sponsorship of many sporting disciplines, charities, cultural events and education.

The division has just undergone a major structural reorganisation which will result in more focused management of production facilities and distribution resources throughout the country, as well as improve the ability to manage down the inherent cost structures. It has, at the same time, launched the special commemorative Centenary Lager to celebrate a Century of Brewing in Zimbabwe. The year ahead will be challenging as Natbrew fights to grow its share of the liquor market and thereby increase the use of its installed capacity.




CASTLE
CASTLE LAGER
CASTLE LAGER

Review of Operations

CHIBUKU BREWERIES

For the first time in many years Chibuku experienced a decline in volumes sold. At 4 % below last year, the volumes achieved were still well up on two years ago due to the exceptional 13% growth achieved last year. Packaged or 'Scud' sales held their own and now represent two thirds of Chibuku's sales.

The increased emphasis on packaged product technology and distribution in the last few years will continue into the future to ensure that volume growth is sustained and all market opportunities are grasped and maximised. Market 'stock outs' still occur, both in the 'on and off-consumption' sectors and need to be eliminated. It remains imperative that excise duty rebates are extended to non-brewing Municipalities to ensure a level playing field and to maximise consumer benefits.

Market and product initiatives continue and have resulted in the recent launch of the 'tamper – evident' screw-on tops for the 'Scud'. This, together with innovative distribution methodologies, will result in enhanced product integrity and availability.

During the year Chibuku opened a new, state of the art, brewery in Hwange which replaced its Dete operation. This will result in a far better level of market penetration and service level in the north-west of Zimbabwe. At the same time Chibuku is striving towards ISO 14 001 certification with a target of achieving this in the next year or so.

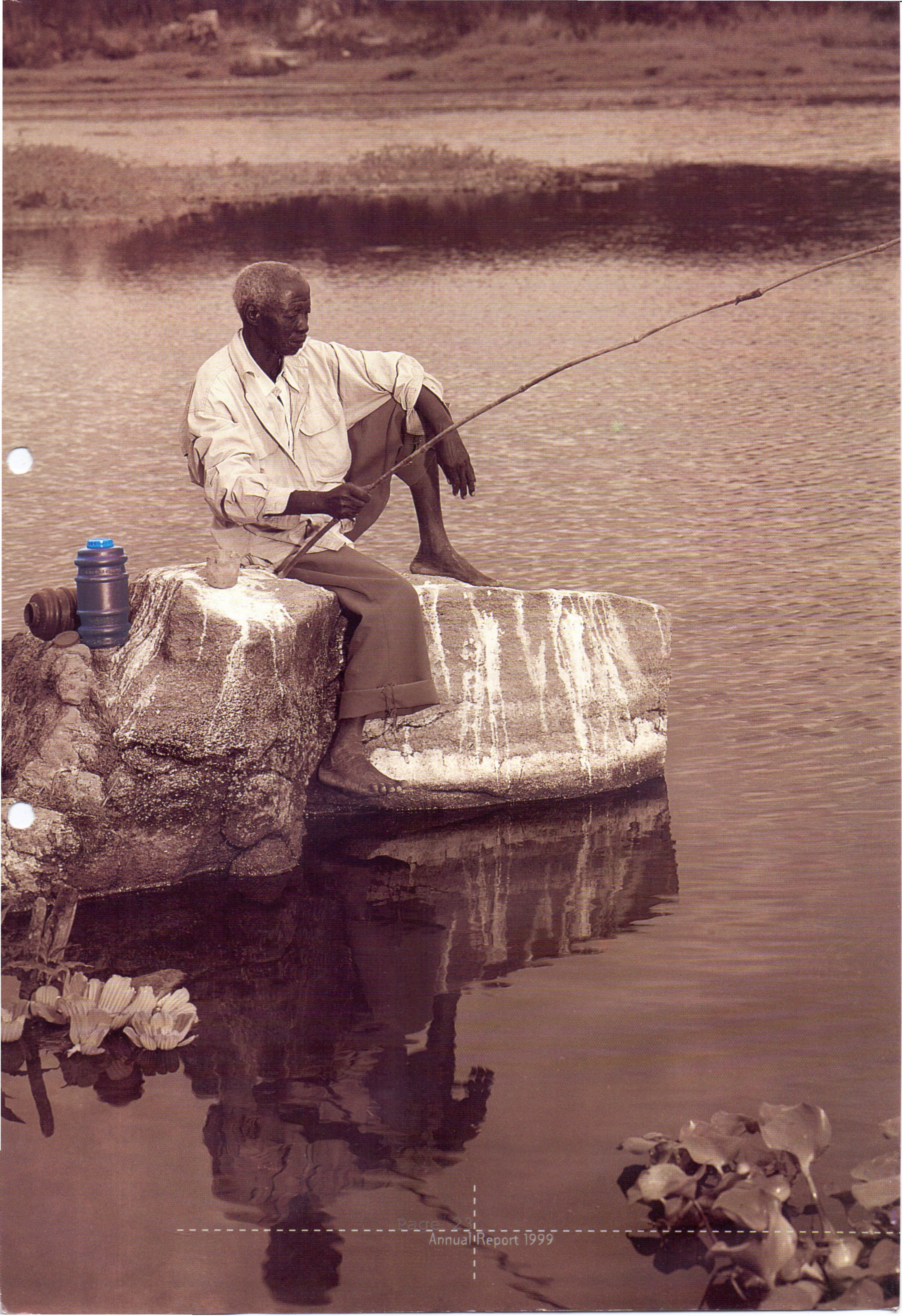
Raw material security, particularly as regards maize supplies, has been a major challenge during the year and will continue to receive focused attention. Up to six month's supply has already been secured for the new year.

The Chimoio brewery in Mozambique has struggled to achieve initial targets and the sorghum beer market remains depressed. The launch of Maheu has, so far, proved to be successful. During the year 30% of this operation was sold to a Dutch development bank whose ultimate intention is to facilitate local participation in the future.

The division spent $151 million on capital projects during the year, including nearly $42 million on the Hwange brewery, $25 million on brewery refurbishments and over $25 million on packaging equipment and upgrades. Approximately $58 million will be spent in the new year on various projects.

Chibuku has, once again, given back much to the community. Its sponsorship of rural football, traditional dancing festivals and its donations of maize to the needy, are but a few examples of the division's social spirit.

The year ahead will be challenging for Chibuku, but prospects look positive and exciting. The improving image of Chibuku and the expansion of other brands such as Thabani will require stringent management. At the same time, automated packaging and enhanced refrigeration capacity will continue to receive attention.

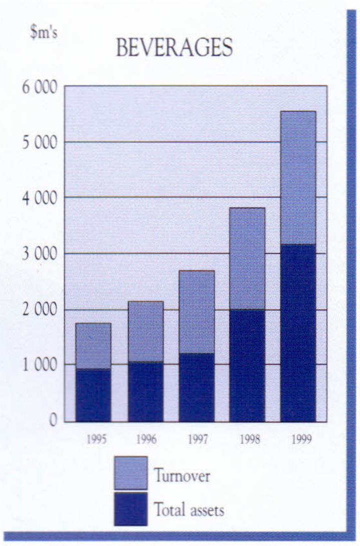


Review of Operations

UNITED BOTTLERS

After achieving good growth in volumes for the two previous years, United Bottlers has experienced a year of mixed fortunes. Volumes decreased by just over 9% from last year although still up 2% over the previous year. Numerous factors contributed to this lacklustre performance, not least of which was the exceptionally wet weather experienced from November 1998 to February 1999. Whilst the adverse weather conditions would have an effect on all beverages, the impact on carbonated soft drink consumption is notoriously severe. The harsh economic environment certainly contributed to the volume reduction as well. It is worth noting that, in the region, only Botswana and Mozambique registered volume growth, whilst a few countries saw more pronounced decreases than Zimbabwe.

The Harare plant continues to be the major contributor to sales. The installation in August 1998 of a new bottling line has ensured adequate and efficient bottling capacity for the foreseeable future. This, together with a move towards mega-plants, enabled a rationalisation of operations at the end of the financial year, whereby the Gweru plant was converted into a distribution centre and staff relocated to other plants. The roll out of Coca-Cola's Basis II information technology is resulting in enhanced marketing and financial data for management.



Despite the drop in volumes, the presence and market penetration of products was enhanced during the year. With focused and innovative promotional activity United Bottlers is well placed to take advantage of any upsurge in demand. The pleasing performances of Sprite and the litre package experienced in 1997/1998 continued throughout the current financial year.

United Bottlers continued to get encouraging support from its two franchisers, Coca-Cola and Schweppes. The planned purchase of the Schweppes brands by the Coca-Cola Company is not likely to have any meaningful impact on the operations of United Bottlers in the near future.

Capital expenditure during the year was $231 million of which $161 million related to the new bottling line and $38 million for 2240 new coolers and 115 post mix fountains. $178 million was also spent on new crates and bottles. Capital items are budgeted to cost just over $51 million and container purchases will be minimal in the new year.

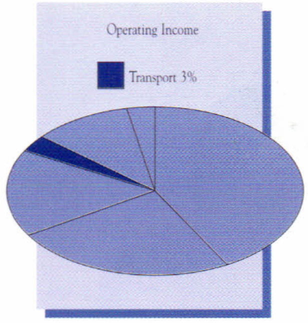

Coca-Cola

Review of Operations

DELTA DISTRIBUTION

Delta Distribution manages the Group's heavy vehicle fleet which primarily services the beverage division comprising National Breweries, Chibuku Breweries and United Bottlers. At 31 March 1999 the fleet consisted of 333 primary and secondary rigs (down 3% on last year) and 674 trailers. In an effort to improve distribution efficiencies the division opened, in December, its first Combined Distribution Centre (CDC) in Chivhu. Delta Distribution will manage the CDC's which will increase by eleven in number in the next three years. The CDC's will result in more efficient distribution of products from its sister beverage divisions into the respective markets.

For many years the increase in distribution costs has been managed at levels well below inflation. The 'cost-push' effect of currency depreciation has this year resulted in the costs per kilometre growing by over 70%, with the largest upturns coming in tyres and spares. The new landed cost of replacement rigs has also climbed significantly due to the diminished value of the local currency.



Delta Distribution continues to embrace new technology and the transfer of new techniques into its operational practices remains at a high level.

The maintenance of a reasonable fleet age profile and the opening of other CDC's, the first being in Karoi in April, will necessitate capital expenditure of over $100 million in the new year.


DELTA DISTRIBUTION
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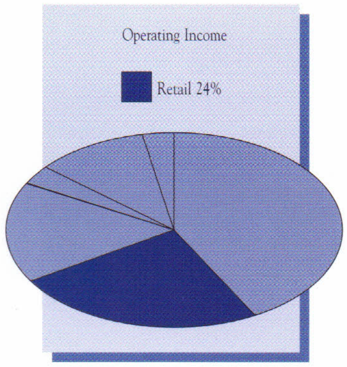
Review of Operations

OK ZIMBABWE

The harsh economic environment adversely affected the population's spending power for much of the year. A recovery in general consumer spending, much of it inflation driven, occurred in the last four months of the year in OK Zimbabwe, incorporating Bon Marche´. Whilst real sales growth was recorded by the division as a whole, some stores performed below expectation.

Sales growth was higher in the low mark-up areas, such as food, again reflecting the poor macro-economic fundamentals in the country. However, it is worth noting that the opening of the Mbare-Musika store late last year and the exciting new Machipisa development, which started trading in July, would have both contributed significantly to the change in sales mix. At the year-end the Redcliff store was sold due to the significant down-sizing of the nearby Zisco plant.



The refurbishment and store upgrade programme continued during the year and is now almost complete. Although this can be somewhat disruptive it is a necessary course of action that ultimately improves service and delivery to the customers.

Promotional activity intensified in the retail sector throughout the year as all players scrambled to gain market share. The OK Grand Challenge once again ranked at the top of all retail promotions and has definitely established itself as a pre-eminent campaign.

Information technology upgrades in the back-of-store area and on-line, such as the use of electronic data interchange, have been and will continue to be, pursued for the ultimate benefit of OK's customers.

Capital expenditure for the year totalled $54 million with the most significant amounts being for computerisation projects and the new Machipisa store equipment. Budgeted capital expenditure stands at $62 million for the new year with various new stores under consideration.

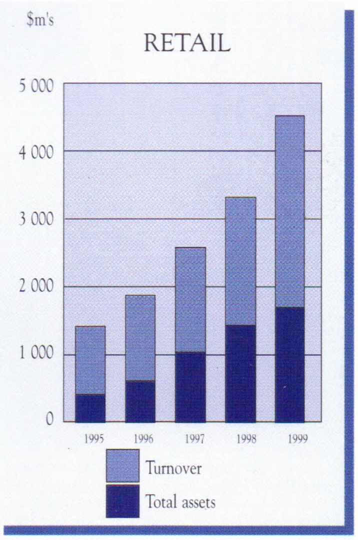

OK
OK
OK

Review of Operations

Pelhams

J PELHAM (PRIVATE) LIMITED

The most exciting development for Pelhams during the year was the acquisition by Protea Furnishers Limited (Profurn), a company listed on the Johannesburg Stock Exchange, of 40% of the operation in July 1998. Profurn is a major African furniture retailer with significant interests in Southern, East and West Africa. It currently operates over 420 stores on the continent.



This strategic alliance has positioned Pelhams superbly. It has secured the company's pre-eminent position in the Zimbabwe market as well as given its management and staff access to top class support in the areas of marketing, purchasing, store design and retail techniques. Moreover, opportunities to export manufactured products to Profurn stores in the region have been significantly enhanced.

As with many other parts of the retail sector, sales growth was mixed for the year, with major upturns only coming in the latter part of the year. Three new stores were opened during the year in Gweru, Chinhoyi and High Glen. One store was closed in Bulawayo. Whilst sales growth was poor throughout the country it was particularly bad in Matabeleland.

During the year the company's brands were rationalised to three main components, being Pelhams, Bradlows and Furniture Discount Centre. The niche Banet and Harris brand has been maintained. At the same time the Acorn and Everest factories continued to supply the stores high-class, unique furniture.

j.pelham

Capital expenditure during the year was minimal. $22 million is budgeted for the new year with the vast majority to be spent on new store equipment and vehicles. The year ahead promises to be an exciting one for Pelhams in terms of store openings and export growth for its Acorn and Everest factories.

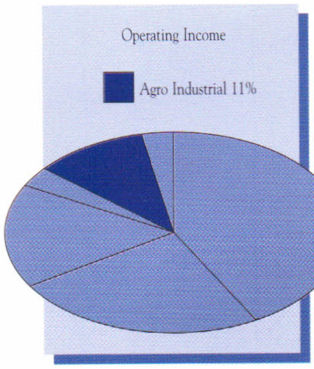

pelhams
pelhams

Review of Operations

NATBREW

KWEKWE MALTINGS

Exports by Kwekwe Maltings accounted for 49% of total sales. In value terms the division realised over $205 million in exports, up 50% on 1998. The international market is again becoming very competitive with cheap, subsidised, barley malt available out of Europe.



The barley malt produced by the division is highly sought after by all brewers, both in Zimbabwe and in the region.

Last year's barley crop was of excellent quality and, at nearly 60 000 tonnes, represented the largest crop to date.

Nearly $13 million was spent on capital items during the year with $19 million budgeted for the new year.

MEGA INDUSTRIES

MEGA INDUSTRIES

The division, which is based in Ruwa, achieved significant sales growth in its plastic-based joint venture operations. This growth came about through significant off-takes of beverage industry crates, PET bottles for the edible oil industry and the initial sales of blow-moulded bottles.

The future for the plastic businesses looks promising despite an initial drop in beverage crate orders. Capital expenditure is targeted at $27 million in the year ahead.

The division's fridge manufacturing joint venture will be re-constituted in the new year to one that specialises in beverage cooler manufacture.

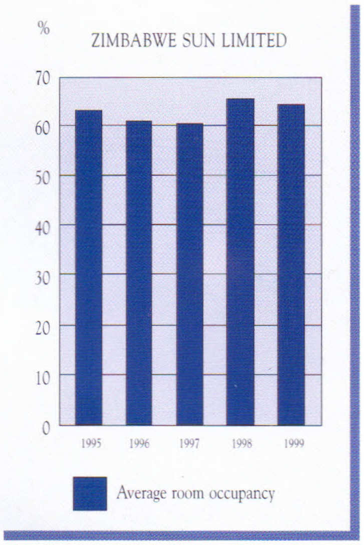
Review of Operations

ZIMBABWE SUN LIMITED

Against a backdrop of extreme economic volatility, Zimbabwe Sun Limited has produced an outstanding set of results. The year was one of great change and long term strategic decisions have contributed to the current year performance and will continue to influence the future.

Group occupancy levels dropped slightly to 63,5% from 65,4%. Bednights sold exhibited a small increase in regional arrivals counterbalanced by a minor drop in domestic traffic. International bednights were down 6% due to the closure of the Makasa Sun and the fact that major international conferences in Harare in 1998 were not matched by similar events this year.

The most exciting development for Zimsun this year was the redevelopment of the Makasa Sun into The Kingdom at Victoria Falls. This superb new property now boasts a 294 room complex (up from 97 rooms in the old property) and a magnificent entertainment centre which comprises a top class casino, excellently positioned food outlets, shops, tour operators and banking facilities. This property is certainly a stunning development that has cemented Zimsun's pre-eminent position at the Victoria Falls.



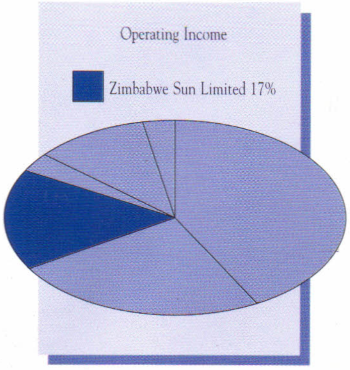
In December 1998 a Holiday Inn Express Hotel was successfully opened in Beitbridge. The concept of 'limited service' hotels has its niche in Zimbabwe and will be expanded further when institutional or other investors are prepared to fund such developments.

In the early part of the year, half of the Victoria Falls Hotel business was sold to Meikles Africa Limited. This decision has positioned the property well from a strategic alliance viewpoint. It has now gained 'Leading Hotels of the World' status and continues to offer a superb service. The possibility of purchasing the property is now much more achievable, given the association with Meikles.

The Victoria Falls Hotel and the Elephant Hills Intercontinental have both recently received international accolades. The former was rated the third best foreign hotel by the Telegraph's Travel Awards. The Elephant Hills was awarded (with Hwange Safari Lodge) a Gold Award by the United Kingdom's Incentive Travel and Meetings Association for an 80 person Compaq Computers Conference in May 1998. It also received a Silver Award for a 60 person conference in November 1997.

In line with the strategy to streamline its safari portfolio, Zimsun disposed of its 50% share in Touch The Wild in April 1998 and subsequent to the year end has forged a strategic alliance with Innscor Africa Limited and Wilderness Safaris Zimbabwe (Private) Limited to merge the safari interests of the three organisations. This move will ensure better use of available, internal air capacity and enhanced marketing of a portfolio of leading camps and lodges.

Whilst Zimsun continues to invest in leading edge technology and upgraded training of its people, it is hampered by air access and passenger delivery capabilities. Although the situation has improved steadily over the years, there is no doubt that an 'open skies' policy would lead to far greater tourist arrivals into Zimbabwe in the short term. The ability of tourism to become the single largest foreign currency earner in Zimbabwe must not be under-estimated and it is imperative that Government takes, in the spirit of partnership, the necessary action in this regard.



Zimsun's headline earnings per share increased by 147% during the year. The company benefited from the depreciation of the Zimbabwe dollar and a slightly increased length of stay by its guests. The investments made to date hold the company in good stead and the concomitant earnings stream from the portfolio of hotels and investments held by Zimsun should continue to exhibit good growth in the years ahead.


AT VICTORIA FALLS

Report of the Directors

The Directors present their Fifty-second Annual Report and the Audited Financial Statements of the Group for the Year ended 31 March 1999.

YEAR'S RESULTS

			$000's
Earnings Attributable to Shareholders			1 188 397
Dividends			
Interim:	14 cents per share paid January 1999	(115 798)	
Final:	44 cents per share payable August 1999	(364 049)	
Total:	58 cents per share (1998: 43 cents)		(479 847)
Retained Income for the Year			708 550

FIXED ASSETS

Capital expenditure for the year to 31 March 1999 totaled $2 241 million. The capital expenditure for the year to 31 March 2000 is planned at $704 million, of which $219 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.

SHARE CAPITAL

At 31 March 1999, the authorised share capital of the company remained unchanged at $45 000 000 and comprised 900 000 000 ordinary shares of 5 cents each. The issued share capital has increased by the issue of 1 318 400 ordinary shares in accordance with the share option scheme. In addition 12 642 216 ordinary shares were issued in lieu of a cash dividend bringing the total issued ordinary shares to 827 384 157. Accordingly, the issued capital is now $41 369 208 and share premium totals $726 287 000. The number of ordinary shares currently under option total 12 062 150.

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 1999 in scrip or in cash.

The Board of Directors continue to believe 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 movements 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, Messrs N. G. Cox, S. H. Musesengwa, J. P. Rooney and W. H. Turpin retire by rotation. Being eligible they all offer themselves for re-election. At the meeting on 1 June 1999 the resignations of Mrs K. E. K. Indi and Mr. E. A. G. MacKay were accepted. Simultaneously, Mr. M. H. Simms was appointed to the Board. Accordingly Mr. M. H. Simms will retire at the conclusion of his interim period. Being eligible he will offer himself for re-election.

AUDITORS

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

BY ORDER OF THE BOARD

DR. R. M. MUPAWOSE	J. P. ROONEY	H. D. GAITSKELL
Chairman	Group Chief Executive	Company Secretary
1 June 1999		

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 and in accordance with the code of Corporate Practices and Conduct contained in the Cadbury and King Reports on Corporate Governance.

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.

corporate

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 and that of its listed subsidiary are chaired by non-executive directors.

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.

YEAR 2000 COMPLIANCE

In line with the Group's target to be Year 2000 compliant by 31 May 1999, all significant operational and financial systems have been tested using appropriate methodologies. Where required, upgrades or replacements of software or hardware have been, or are being, implemented. Monitoring by senior management and the Board of Directors will continue throughout the coming year, particularly as regards liaison with third parties material to the Group's business. Expenditure on Year 2000 compliance matters is estimated at $6 million, 80% of which has been spent to date.

Subject to the potential vulnerability of the Group to third parties' failure to remedy their own issues, it is not anticipated that the Year 2000 will have a material adverse effect on the Group's business, financial condition or results of operations.

THE AUDIT COMMITTEE

The Audit Committee of the Board deals, inter alia, with compliance, internal control and risk management. 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 REMUNERATION COMMITTEE

Delta's Remuneration Committee is constituted and chaired by non-executive directors, save for the membership of the Group Chief Executive. It acts 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 and to make recommendations on Board appointments.

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 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. However, where the adoption of accounting standards is seen to be fundamentally inappropriate, the Group is willing to challenge the validity of such adoption. It is in this regard that the Group has decided not to provide for deferred taxation of the full liability basis as required by the revised International Accounting Standard 12. Such a practice is viewed as being inappropriate in times of high inflation. The Group intends to comply with the requirements of the new standard when inflation in Zimbabwe has been sustained at single-digit figures for a full year.

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 (except for the adoption of the requirements of International Accounting Standard 12 on deferred taxation), 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 40.

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 March 2000. 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 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 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 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 1999, which appear on pages 43 to 73, have been approved by the Board of Directors and are signed on its behalf by:

Mupawose

DR. R. M. MUPAWOSE
Chairman

JP Rooney

J. P. ROONEY
Group Chief Executive

Report of the Independent Auditors

We have audited the financial statements set out on pages 43 to 73. The financial statements are the responsibility of the company's directors. 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 24:03) and are in conformity with International Accounting Standards, except as indicated in note 23 in respect of the treatment of deferred taxation, so as to give, in all material respects, a true and fair view of the financial position of the company and of the Group as at 31 March 1999 and of the results of the operations and group cash flows for the financial year ended on that date.

Deloitte & Touche

DELOITTE & TOUCHE
Chartered Accountants (Zimbabwe)
Harare, Zimbabwe, 1 June 1999

Income Statements

FOR THE YEARS ENDED 31 MARCH

		GROUP	
	Notes	1999 $000's	1998 $000's
Turnover	4	12 000 521	8 389 066
Operating income	5	1 843 835	1 254 593
Non-recurring items	6	99 089	10 790
Financing costs	7	(362 281)	(178 828)
Equity accounted earnings		7 740	8 620
		1 588 383	1 095 175
Taxation	8	(105 590)	(215 739)
Income after taxation		1 482 793	879 436
Attributable to outside shareholders		(294 396)	(72 274)
Earnings attributable to shareholders		1 188 397	807 162
Dividends	9	(479 847)	(349 202)
Retained earnings for the year	14	708 550	457 960
Retained earnings for the year attributable to :			
Company		235	7 855
Subsidiaries and arising on consolidation		705 303	441 805
Associated companies and joint ventures		3 012	8 300
		708 550	457 960
Earnings per share (cents)			
- attributable earnings basis	2.6	144,5	100,2
- headline earnings basis	2.6	135,0	99,3
- cash equivalent earnings basis	2.7	143,2	121,2
Dividends per share (cents)	9	58,0	43,0

Cash Flow Statements

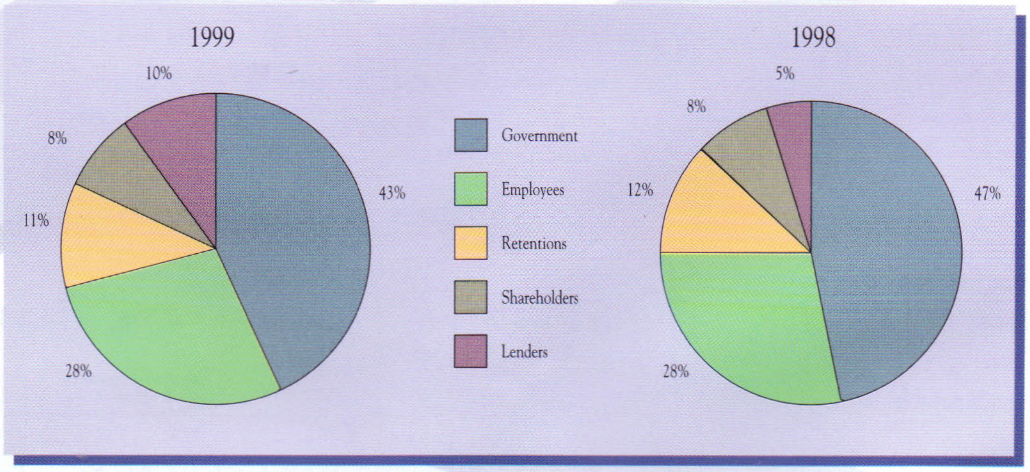
FOR THE YEARS ENDED 31 MARCH

		GROUP	
	Notes	1999 $000's	1998 $000's
Cash retained from operating activities			
Cash generated from trading	10.1	1 888 348	1 424 757
Utilised to increase working capital	10.2	(401 856)	(357 084)
Cash generated from operating activities		1 486 492	1 067 673
Financing costs		(362 281)	(178 828)
Taxation paid	10.3	(175 217)	(185 334)
Cash flow from operations		948 994	703 511
Dividends paid	10.4	(256 071)	(64 001)
Net cash retained		692 923	639 510
Cash utilised in investment activities			
Proceeds on partial disposal of business interests		426 049	40 063
Investment to maintain operations			
Replacement of fixed assets		(585 914)	(265 420)
Proceeds on disposal of fixed assets		41 239	24 048
		(118 626)	(201 309)
Investment to expand operations			
Fixed asset additions		(1 696 099)	(537 062)
Increase in loans and investments		(46 909)	(45 173)
		(1 743 008)	(582 235)
Net cash invested		(1 861 634)	(783 544)
		(1 168 711)	(144 034)
Financing activities			
Increase in borrowings		981 485	123 297
Increase in cash		(119 659)	(1 077)
Increase in shareholder funding	10.5	306 885	21 814
Net financing raised		1 168 711	144 034
Cash flow per share (cents)	2.8	92,5	80,1
Cash flow from operations to net interest bearing debt		58%	90%

Cash Value Added Statements

FOR THE YEARS ENDED 31 MARCH

	GROUP	
	1999 $000's	1998 $000's
Cash generated		
Cash derived from sales	11 734 877	7 952 938
Income from investments	236	2 090
Cash value generated	11 735 113	7 955 028
Cash payments outside the Group to suppliers of materials, facilities & services	(6 629 686)	(4 509 993)
Cash value added	5 105 427	3 445 035
Cash utilised to:		
Remunerate employees for their services	1 434 080	954 708
Pay income, sales and excise taxes to Government	2 197 671	1 603 079
Provide lenders with a return on monies borrowed	524 682	183 737
Provide shareholders with a reward for the use of their risk capital	256 071	64 001
Cash disbursed among stakeholders	4 412 504	2 805 525
Cash retained in the business		
From shareholders in exchange for scrip	152 164	220 424
Further retentions	540 759	419 086
Available to fund the replacement of assets and facilitate further growth	692 923	639 510



Balance Sheets

AT 31 MARCH

		GROUP		COMPANY	
	Notes	1999	1998	1999	1998
		$000's	$000's	$000's	$000's
Shareholders' funds					
Share capital	11	**41 369**	40 671	**41 369**	40 671
Share premium	12	**726 287**	575 387	**726 287**	575 387
Non-distributable reserves	13	**98 282**	17 935		
Distributable reserves	14	**2 428 301**	1 727 176	**338 982**	338 747
Shareholders' equity		**3 294 239**	2 361 169	**1 106 638**	954 805
Outside shareholders' interests in subsidiaries		**907 147**	404 946		
Total shareholders' funds		**4 201 386**	2 766 115	**1 106 638**	954 805
Tax equalisation		**69 299**	121 899		
		4 270 685	2 888 014	**1 106 638**	954 805
Interest bearing debt					
Long term financing	15	**53 828**	27 156		
Short term borrowings	15	**1 761 976**	807 163		
		1 815 804	834 319		
Total capital employed		**6 086 489**	3 722 333	**1 106 638**	954 805
Fixed assets					
Properties, plant, equipment and vehicles	16	**4 559 777**	2 686 278		
Investments, loans and trademarks	17	**222 392**	177 027	**1 541**	1 541
Interest in subsidiaries	18			**1 106 975**	952 136
		4 782 169	2 863 305	**1 108 516**	953 677
Current assets					
Stocks	19	**1 728 098**	958 635		
Debtors	20	**1 924 172**	1 582 955	**364 049**	271 090
Short term loans		**26 675**	15 153		
Bank balances		**176 486**	56 827		
		3 855 431	2 613 570	**364 049**	271 090
Total assets		**8 637 600**	5 476 875	**1 472 565**	1 224 767
Interest free liabilities					
Creditors	21	**2 077 088**	1 356 742	**1 878**	1 571
Taxation		**109 974**	129 409		
Dividends payable		**364 049**	268 391	**364 049**	268 391
		2 551 111	1 754 542	**365 927**	269 962
Total employment of capital		**6 086 489**	3 722 333	**1 106 638**	954 805

Statements of Changes in Shareholders' Equity

FOR THE YEARS ENDED 31 MARCH

	Notes	GROUP 1999 $000's	GROUP 1998 $000's	COMPANY 1999 $000's	COMPANY 1998 $000's
Changes in share capital	11&12				
Share capital issued		**151 598**	222 967	**151 598**	222 967
Changes in non-distributable reserves	13				
Donated assets received		**8 897**	9 648		
Variation of interests in subsidiaries		**73 954**	(590)		
Changes in distributable reserves	14				
Currency translation differences					
- arising during the year		**(7 329)**	11 030		
- reclassification on disposal of share in subsidiary		**(2 600)**			
Net gains not recognised in the income statement		**224 520**	243 055	**151 598**	222 967
Earnings attributable to shareholders		**1 188 397**	807 162	**480 082**	357 057
Dividends		**(479 847)**	(349 202)	**(479 847)**	(349 202)
Shareholders' equity at the beginning of the year		**2 361 169**	1 660 154	**954 805**	723 983
Shareholders' equity at the end of the year		**3 294 239**	2 361 169	**1 106 638**	954 805

Five Year Financial Review

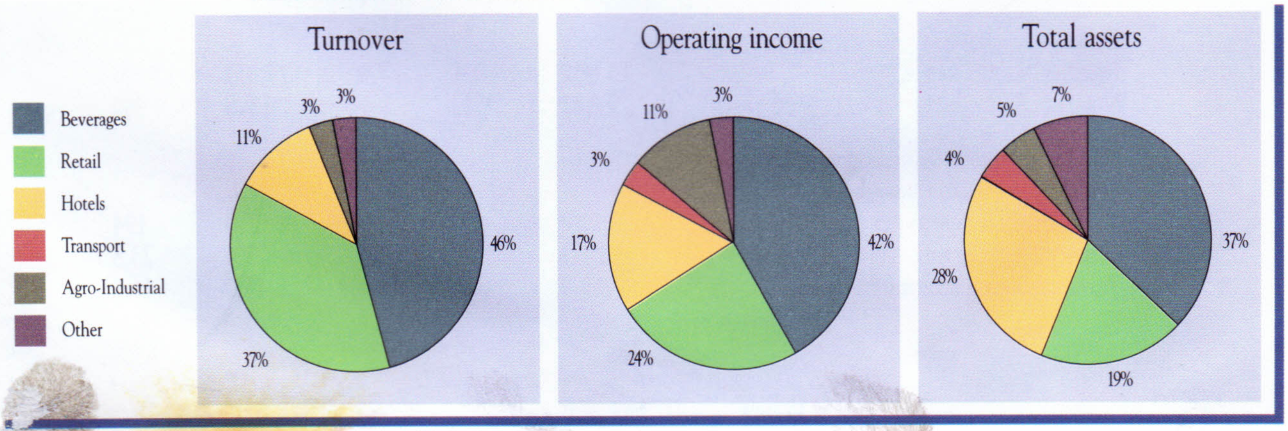
GROUP	5 Year Compound Growth % p.a.	1999 $m's	1998 $m's	1997 $m's	1996 $m's	1995 $m's
CONSOLIDATED INCOME STATEMENTS						
Turnover	35,2	12 001	8 389	6 188	4 720	3 681
Taxed operating income	41,5	1 718	987	665	486	408
Taxed interest payable	26,8	(236)	(108)	(73)	(59)	(74)
Income after taxation	45,1	1 482	879	592	427	334
Outside shareholders	74,7	(294)	(72)	(51)	(38)	(35)
Earnings attributable to ordinary shareholders	41,1	1 188	807	541	389	299
Dividends	41,0	(480)	(349)	(238)	(169)	(130)
Retained income	41,1	708	458	303	220	169
CONSOLIDATED BALANCE SHEETS						
Shareholders' equity	32,6	3 294	2 361	1 660	1 202	975
Outside shareholders	38,2	907	405	335	283	246
Total shareholders' funds	33,7	4 201	2 766	1 995	1 485	1 221
Tax equalisation	1,3	69	122	102	92	78
Interest bearing debt	31,9	1 816	834	711	589	430
Capital employed	32,3	6 086	3 722	2 808	2 166	1 729
Assets						
Long term	29,6	4 782	2 863	2 217	1 860	1 590
Current	40,7	3 855	2 614	1 791	1 202	883
Total Assets	33,9	8 637	5 477	4 008	3 062	2 473
Interest free liabilities	38,2	(2 551)	(1 755)	(1 200)	(896)	(744)
Employment of capital	32,3	6 086	3 722	2 808	2 166	1 729

Five Year Financial Review

GROUP STATISTICS	1999	1998	1997	1996	1995
SHARE PERFORMANCE					
Per share (cents)					
Attributable earnings	**145**	100	69	50	39
Headline earnings	**135**	99	69	50	39
Cash equivalent earnings	**143**	120	85	64	48
Dividends	**58**	43	30	22	17
Cash flow	**93**	80	47	45	49
Net asset value	**398**	290	209	155	126
Closing market price	**975**	1 500	1 725	717	333
ZSE industrial index	**8 975**	8 796	10 170	4 829	2 942
Share information					
In issue (000's)	**827 384**	813 424	795 810	776 797	775 776
Market capitalisation ($m's)	**8 067**	12 201	13 728	5 567	2 586
Trading volume (000's)	**171 400**	84 495	33 717	130 410	23 550
Trading percentage (%)	**20,8**	10,5	4,3	16,8	3,0
RATIOS AND RETURNS					
Profitability					
Return on equity (%)	**36,1**	34,2	32,6	32,4	30,7
Income after taxation to total capital employed (%)	**24,4**	23,6	21,1	19,7	19,3
Taxed operating return (%)	**28,2**	26,5	23,7	22,4	23,6
Pretax return on total assets (%)	**18,4**	20,0	18,0	17,4	17,9
Solvency					
Long term debt to total shareholders' funds (%)	**1,3**	1,0	3,6	6,8	12,2
Financial gearing ratio (%)	**39,0**	28,1	32,9	36,4	34,5
Interest cover (times)	**3,7**	6,9	6,3	6,0	4,2
Total liabilities to total shareholders' funds (%)	**105,6**	98,0	100,9	106,2	102,5
Liquidity					
Current assets to interest free liabilities & short term borrowings	**0,89**	1,02	0,97	0,87	0,86
Productivity					
Turnover per employee ($000's)	**860**	552	443	357	276
Turnover to payroll (times)	**8,37**	8,79	8,85	8,95	9,02
Cash value added to payroll (times)	**3,56**	3,61	3,35	3,64	3,89
Other					
Number of employees	**13 952**	15 201	13 969	13 232	13 347
Number of shareholders	**2 631**	2 342	1 504	1 318	1 267
Had the Group revalued operating fixed assets, key statistics would have been:					
Net asset value (cents per share)	**780**	499	369	258	194
Financial gearing ratio (%)	**22,3**	17,4	20,0	23,6	23,8
Taxed operating return (%)	**15,9**	16,9	14,9	15,0	16,2

Five Year Financial Review

SEGMENTAL	5 Year Compound Growth % p.a.	1999 $m's	1998 $m's	1997 $m's	1996 $m's	1995 $m's
Turnover						
Beverages		**5 526**	3 810	2 690	2 113	1 747
Retail		**4 505**	3 327	2 535	1 862	1 397
Hotels		**1 268**	857	672	506	404
Agro-Industrial		**340**	240	180	149	94
Miscellaneous		**362**	155	111	90	39
Group	35,2	**12 001**	8 389	6 188	4 720	3 681
Operating income						
Beverages		**777**	538	364	272	272
Retail		**444**	393	256	165	113
Hotels		**321**	172	142	96	88
Transport		**51**	63	48	43	45
Agro-Industrial		**196**	93	46	37	22
Miscellaneous		**55**	(5)	(23)	13	28
Group	34,9	**1 844**	1 254	833	626	568
Total assets						
Beverages		**3 161**	1 975	1 182	1 020	898
Retail		**1 675**	1 413	996	569	401
Hotels		**2 394**	1 303	1 157	899	720
Transport		**308**	214	180	180	142
Agro-Industrial		**438**	237	207	182	159
Miscellaneous		**661**	335	286	212	153
Group	33,9	**8 637**	5 477	4 008	3 062	2 473



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 except for the provision for deferred taxation on the full liability basis as required by International Accounting Standard 12.

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 with the exception of Chibuku Mocambique Limitada, which has a 31 December year end. 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, 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 ENTITIES

Financial statements of foreign subsidiaries are translated into Zimbabwe dollars as follows :
Assets and liabilities at rates of exchange ruling at the reporting entities' financial year end. Income, expenditure and cash flow items at the weighted average rates of exchange during the relevant financial year. Differences arising from the retranslation of net investments in foreign entities are taken to distributable reserves.

Notes to the Financial Statements

1.4 FOREIGN CURRENCY TRANSACTIONS AND BALANCES

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. Transactions in foreign currencies are translated to Zimbabwe currency at rates of exchange ruling at the time of the transactions. 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.

1.5 CAPITALISATION OF FINANCING COSTS AND EXCHANGE DIFFERENCES

Financing costs and exchange differences, to the extent they are considered finance costs and which relate to funds raised specifically for the acquisition of fixed assets, are capitalised up to the date of commissioning of the asset.

1.6 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, equipment and vehicles are dealt with in the operating income for the year.

1.7 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.

1.8 INVESTMENTS, LOANS AND TRADEMARKS

Investments in associated companies are stated at cost less applicable goodwill. 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.

1.9 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.

1.10 TURNOVER

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

1.11 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. This is contrary to the requirements of International Accounting Standard 12.

Tax allowances on major capital expenditure can severely distort the tax charge as between one year and another, especially in times of high inflation. 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 long term 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. The effect on earnings attributable to shareholders is also disclosed.

Notes to the Financial Statements

1.12 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.

1.13 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 to account when a time module sale contract is concluded.

1.14 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.

financial

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 the aggregate of operating income, non-recurring items and equity accounted earnings bears to interest payable (inclusive of capitalised interest).

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

Attributable earnings basis

The calculations are based on the earnings attributable to ordinary shareholders .
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 : 822 259 472 (1998 - 805 777 014). Fully diluted earnings per share is not disclosed as the extent of dilution is not considered material.

Headline earnings basis

Headline earnings per share is calculated by dividing the headline earnings shown below by the same divisor used in the attributable earnings basis.

	GROUP	
	1999	1998
	$000's	$000's
Earnings attributable to shareholders	**1 188 397**	807 162
Deduct non-recurring items (note 6)	**(78 269)**	(6 839)
Headline earnings	**1 110 128**	800 323

statements

Notes to the Financial Statements

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:

	1999 $000's	1998 $000's
Earnings attributable to shareholders	1 188 397	807 162
Adjusted for:		
Non-cash items	44 513	170 164
Equity accounted retained earnings	(5 332)	(5 363)
Tax equalisation	(52 600)	20 000
Less: minority share of adjustments	2 664	(15 187)
Cash equivalent earnings	1 177 642	976 776

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. COUNTRY OF INCORPORATION AND CURRENCY

All Group companies are incorporated in Zimbabwe, except for Chibuku Mocambique Limitada, which is incorporated in Mozambique. The financial statements are expressed in Zimbabwe Dollars.

financial statements

	GROUP 1999 $000's	1998 $000's
4. TURNOVER		
Sales proceeds	9 954 132	7 056 995
Excise and levies	1 580 498	1 073 488
Sales tax	441 956	344 257
Other	759 075	490 114
	12 735 661	8 964 854
Less: intra-group sales	(735 140)	(575 788)
	12 000 521	8 389 066
Export sales included above	1 077 967	715 621

5. OPERATING INCOME

Operating income is arrived at after taking into account:

	1999 $000's	1998 $000's
5.1 DEPRECIATION OF FIXED ASSETS		
Buildings	32 171	20 469
Plant, equipment and vehicles	179 423	145 710
	211 594	166 179
5.2 INTEREST RECEIVABLE		
Long term loans	59 624	5 604
Short term loans	62 982	29 729
	122 606	35 333

Notes to the Financial Statements

		GROUP	
		1999	1998
		$000's	$000's
5.3	EXCHANGE GAINS		
	Gross amount	100 756	3 270
5.4	COST OF STOCKS RECOGNISED AS AN EXPENSE		
	Gross amount	4 675 374	3 400 544
5.5	AUDITORS' REMUNERATION		
	Current year audit fees and expenses	9 816	6 146
	Prior year underprovision	406	429
		10 222	6 575
	Included in current year Group audit fees are fees for the company of $340 000 (1998 - $235 000).		
5.6	AMORTISATION OF GOODWILL AND NON-DISTRIBUTABLE RESERVES		
	Arising on consolidation	(37 059)	158
	Purchased goodwill	6 876	610
		(30 183)	768
	Included in non-recurring items	(6 266)	
		(36 449)	768
6.	NON-RECURRING ITEMS		
	Profit on sale of hotel interests	318 309	10 790
	Profit on sale of furniture interests	62 564	
	Profit on sale of foreign traditional beer interests	10 235	
	Accelerated depreciation of plant and hotels on Group re-organisation (note 16)	(111 749)	
	Other re-organisational expenditure	(180 270)	
		99 089	10 790
	Related taxation (note 8)	62 785	
	Minorities' share	(83 605)	(3 951)
		78 269	6 839

	GROUP	
	1999	1998
	$000's	$000's
7. FINANCING COSTS		
Long and medium term financing	11 038	12 232
Short term borrowings	513 644	171 505
Gross amount	524 682	183 737
Less capitalised	(162 401)	(4 909)
	362 281	178 828
8. TAXATION		
8.1 TAXATION CHARGE		
Income tax:		
Holding company and subsidiaries		
Current - standard	218 534	186 154
- development levy		9 113
Prior years - standard	33	(2 785)
Associated companies		
Current	2 408	3 257
Non-recurring items		
- holding company and subsidiaries	(62 139)	
- associated companies	(646)	
	158 190	195 739
Tax equalisation	(52 600)	20 000
	105 590	215 739

The estimated tax loss in group companies available to offset future taxable income in those companies amounts to approximately $293 million (1998 - $37 million).

Notes to the Financial Statements

	GROUP	
	1999	1998
	%	%
8.2 RECONCILIATION OF RATE OF TAXATION		
Standard rate	**35,0**	39,4
Adjusted for :		
Capital allowances in excess of depreciation	**(17,8)**	(9,7)
Net allowance on instalment debtors	**3,7**	(6,6)
Deferred expenditure on containers	**(3,9)**	(1,6)
Tax equalisation	**(3,3)**	1,8
Unutilised tax losses	**5,7**	(2,0)
Non-recurring items	**(9,9)**	
Other adjustments including permanent differences	**(2,9)**	(1,6)
	(28,4)	(19,7)
Effective rate	**6,6**	19,7

9. DIVIDENDS

	1999	1998		
	cents	cents	**$000's**	$000's
Interim	**14,0**	10,0	**115 798**	80 811
Final	**44,0**	33,0	**364 049**	268 391
	58,0	43,0	**479 847**	349 202

10. CASH FLOW INFORMATION

10.1 CASH GENERATED FROM TRADING		
Operating income	**1 843 835**	1 254 593
Non-recurring items	**(180 270)**	10 790
Depreciation	**211 594**	166 179
Loss on sale of fixed assets	**37 479**	(24 813)
Other	**(24 290)**	18 008
	1 888 348	1 424 757
10.2 UTILISED TO INCREASE WORKING CAPITAL		
Increase in stocks	**(769 463)**	(281 225)
Increase in debtors and short term loans	**(352 739)**	(540 057)
Increase in creditors	**720 346**	464 198
	(401 856)	(357 084)

		GROUP	
		1999 $000's	1998 $000's
10.3	TAXATION PAID		
	Liability at beginning of year	(129 409)	(122 261)
	Taxation provided (see note 8)	(158 190)	(195 739)
	Associated company taxation	2 408	3 257
	Liability at end of year	109 974	129 409
		(175 217)	(185 334)
10.4	DIVIDENDS PAID		
	By the Company:		
	Shareholders for dividends at beginning of year	(268 391)	(185 662)
	Dividends declared (see note 9)	(479 847)	(349 202)
	Shares issued in lieu of dividends	145 377	205 507
	Shareholders for dividends at end of year	364 049	268 391
		(238 812)	(60 966)
	By Subsidiaries:		
	Outside shareholders for dividends at beginning of year	(26 001)	(19 009)
	Outside shareholders' share of dividends declared	(51 753)	(24 944)
	Shares issued in lieu of dividends	6 787	14 917
	Outside shareholders for dividends at end of year	53 708	26 001
		(17 259)	(3 035)
	Total dividends paid	(256 071)	(64 001)
10.5	INCREASE IN SHAREHOLDER FUNDING		
	Proceeds of shares issued:		
	By the Company	6 221	17 460
	By subsidiaries to outside shareholders	300 664	4 354
		306 885	21 814

Notes to the Financial Statements

	GROUP 1999 $000's	GROUP 1998 $000's	COMPANY 1999 $000's	COMPANY 1998 $000's
11. SHARE CAPITAL				
11.1 AUTHORISED				
900 000 000 ordinary shares of 5 cents each	**45 000**	45 000	**45 000**	45 000
11.2 ISSUED AND FULLY PAID				
827 384 157 (1998 - 813 423 372) ordinary shares of 5 cents each	**41 369**	40 671	**41 369**	40 671

11.3 UNISSUED SHARES

Subject to the limitations imposed by the Companies Act (Chapter 24:03), in terms of a special resolution of the Company in general meeting, the unissued share capital of $3 631 000 has been placed at the disposal of the directors for an indefinite period.

11.4 SHARES UNDER OPTION

The directors are empowered to grant share options to certain employees of the Group. These 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.

The following share options have been granted and are outstanding in terms of the share option scheme at 31 March 1999:

Date of grant	**Subscription price (dollars)**	**Number of shares**
14 May 1993	0,73	90 700
29 July 1994	3,87	4 752 450
27 November 1995	5,00	1 991 000
16 October 1998	7,80	5 228 000
		12 062 150

Movements for the year:	
At 31 March 1998	13 105 550
New options granted	5 228 000
Options exercised	(1 318 400)
Options forfeited	(135 000)
Options renounced	(4 818 000)
At 31 March 1999	12 062 150

11.5 DIRECTORS' SHAREHOLDINGS

At 31 March 1999, the Directors held directly and indirectly the following number of shares in the Company:

	1999	1998
J. Koumides	288 065	206 146
S. H. Musesengwa	6 000	6 000
J. S. Mutizwa	50 033	7 000
J. P. Rooney	416 785	370 130
T. N. Sibanda	2 042	2 042
W. H. Turpin	3 218	3 044
V. W. Zireva	6 892	6 700
	773 035	601 062

No changes in Directors' shareholdings have occurred between the financial year end and 1 June 1999.

	GROUP		COMPANY	
	1999 $000's	1998 $000's	1999 $000's	1998 $000's
12. SHARE PREMIUM				
At beginning of year	575 387	353 301	575 387	353 301
Arising on issue of shares	150 900	222 086	150 900	222 086
At end of year	726 287	575 387	726 287	575 387
13. NON-DISTRIBUTABLE RESERVES				
At beginning of year	17 935	10 364		
Net arising on consolidation of subsidiaries	73 954	(590)		
Donated assets received	8 897	9 648		
Transfer to distributable reserves	(2 504)	(1 487)		
At end of year	98 282	17 935		
Comprising:				
Arising on consolidation of subsidiaries	72 907	(1 047)		
Donated assets received	25 375	18 982		
	98 282	17 935		

Notes to the Financial Statements

	GROUP 1999 $000's	GROUP 1998 $000's	COMPANY 1999 $000's	COMPANY 1998 $000's
14. DISTRIBUTABLE RESERVES				
At beginning of year	1 727 176	1 256 699	338 747	330 892
Retained earnings for the year	708 550	457 960	235	7 855
Transfer from non-distributable reserves	2 504	1 487		
Foreign currency translation reserve	(9 929)	11 030		
At end of year	2 428 301	1 727 176	338 982	338 747
Retained in:				
Holding company	338 982	338 747		
Subsidiaries and arising on consolidation	2 075 159	1 339 262		
Associated companies and joint ventures	13 059	38 137		
Foreign currency translation reserve	1 101	11 030		
	2 428 301	1 727 176		

15. INTEREST BEARING DEBT

Long term financing	Rate of interest %	When payable	GROUP 1999 $000's	GROUP 1998 $000's
Secured				
Long term loans				346
Unsecured				
Long term loans	8,0 - 21,3	2000/2005	65 191	53 774
Other	0 - 9,0	indefinite	3 354	2 870
			68 545	56 644
Total long term financing			68 545	56 990
Less short term portion of long term financing			(14 717)	(29 834)
			53 828	27 156
Short term borrowings				
Overdraft			43 800	199 215
Short term loans			1 703 459	578 114
Short term portion of long term financing			14 717	29 834
Total short term borrowings			1 761 976	807 163
Total interest bearing debt			1 815 804	834 319

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 resolution of the Company in general meeting, borrowings shall not exceed, in aggregate, shareholders' equity which amounts to $3,29 billion.

15. INTEREST BEARING DEBT (CONTINUED)

Long term financing and short term borrowings include foreign loans amounting to $66,5 million (1998 - $57,2 million). Forward cover contracts have not been negotiated in respect of the outstanding balance and related interest and therefore these amounts are subject to exchange rate fluctuations.

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

	Interest Rate %	Amount Millions	GROUP 1999 Z$000's	GROUP 1998 Z$000's
UNSECURED				
Deutsche mark (DEM)				53 268
United States dollars (USD)	8	0,84	33 842	
Japanese yen (JPY)	1,44	84,3	27 601	
South African rand (ZAR)	Nil	0,8	5 020	3 981
			66 463	57 249

The outstanding Yen and Rand balances are repayable within twelve months. There are no fixed repayment dates for the United States dollar loans.

Local borrowings of $1 706 million bear interest in accordance with ruling short term money market rates. All foreign and other local borrowings are subject to fixed interest rates.

16. PROPERTIES, PLANT, EQUIPMENT AND VEHICLES

	GROUP 1999 $000's	GROUP 1998 $000's
FREEHOLD PROPERTIES		
Cost	1 640 393	761 201
Capital work in progress	26 113	60 572
	1 666 506	821 773
Depreciation	42 370	33 959
	1 624 136	787 814

Notes to the Financial Statements

	GROUP	
	1999	1998
	$000's	$000's
16. PROPERTIES, PLANT, EQUIPMENT AND VEHICLES (CONTINUED)		
LEASEHOLD PROPERTIES		
Cost	416 658	293 870
Capital work in progress	12 153	14 056
	428 811	307 926
Depreciation	138 421	28 507
	290 390	279 419
PLANT AND EQUIPMENT		
Cost	2 705 916	1 670 381
Capital work in progress	114 330	69 032
	2 820 246	1 739 413
Depreciation	529 445	406 498
	2 290 801	1 332 915
VEHICLES		
Cost	523 801	427 569
Depreciation	169 351	141 439
	354 450	286 130
Total properties, plant, equipment and vehicles	4 559 777	2 686 278
Movement in net book amount for the year:		
At beginning of the year	2 686 278	2 091 840
Capital expenditure	2 282 013	802 482
Disposals	(94 068)	(51 513)
Depreciation charged to operating income	(211 594)	(166 179)
Depreciation included in non-recurring items	(111 749)	
Donated assets received	8 897	9 648
At end of the year	4 559 777	2 686 278
Capital expenditure comprised:		
Freehold properties	842 679	157 852
Leasehold properties	127 976	14 636
Plant and equipment	1 175 573	514 715
Vehicles	135 785	115 279
	2 282 013	802 482

	GROUP	
	1999	1998
	$000's	$000's
16. PROPERTIES, PLANT, EQUIPMENT AND VEHICLES (CONTINUED)		
Disposals comprised :		
Freehold properties	709	6 468
Leasehold properties	4 726	12 448
Plant and equipment	70 898	25 025
Vehicles	17 735	7 572
	94 068	51 513
Net depreciated replacement value of properties, plant, equipment and vehicles:		
Freehold and leasehold properties	3 760 718	2 070 960
Plant and equipment	3 456 245	2 020 354
Vehicles	504 416	289 543
	7 721 379	4 380 857
Annually, properties are subject to professional valuation and the remaining assets are valued by directors using appropriate indices.		
Original cost of fully depreciated assets still in use:		
Freehold and leasehold properties	1 384	1 823
Plant and equipment	58 327	49 062
Vehicles	28 250	24 358
	87 961	75 243
Net book amount of assets temporarily idle:		
Plant and equipment	4 244	8 703
Net book amount of assets retired from active use and held for disposal:		
Plant and equipment	2 180	10 700
Vehicles		22
	2 180	10 722

Notes to the Financial Statements

		GROUP		COMPANY	
		1999	1998	1999	1998
		$000's	$000's	$000's	$000's
17.	INVESTMENTS, LOANS AND TRADEMARKS				
17.1	ASSOCIATED COMPANIES				
	Shares at cost	40 105	7 977	1 184	1 184
	Post acquisition distributable reserves	13 059	13 480		
	Loans	51 934	33 465		
		105 098	54 922	1 184	1 184
17.2	INVESTMENTS				
	Unquoted shares at cost	34 167	26 292	357	357
17.3	JOINT VENTURES				
	Capital accounts		5 210		
	Share of distributable reserves		19 582		
	Loans		3 500		
			28 292		
17.4	LOANS				
	Secured	44 264	12 044		
	Unsecured	34 249	43 987		
		78 513	56 031		
17.5	TRADEMARKS				
	At cost	2 275	2 275		
17.6	GOODWILL				
	Goodwill arising on acquisition of business interests	12 366	12 366		
	Less amounts written off	(10 027)	(3 151)		
		2 339	9 215		
	Total investments, loans and trademarks	222 392	177 027	1 541	1 541

Included in the Group's secured loans are loans of $11 659 000 (1998 - $7 012 000) 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 $4 647 000 was advanced.

		GROUP		COMPANY	
		1999	1998	1999	1998
		$000's	$000's	$000's	$000's
18.	INTEREST IN SUBSIDIARIES				
	Shares at cost less provisions			519 040	483 590
	Indebtedness to the company			587 935	468 546
				1 106 975	952 136
	Details of all subsidiaries are provided in the Group structure included elsewhere in this report.				
19.	STOCKS				
	Consumable stores	195 256	123 199		
	Containers	600 217	283 400		
	Finished products	124 359	69 115		
	Merchandise	379 690	253 762		
	Raw materials	401 654	212 007		
	Products in process	26 922	17 152		
		1 728 098	958 635		
20.	DEBTORS				
	Trade debtors	653 559	469 719		
	Instalment debtors	901 333	819 529		
	Prepayments and other debtors	369 280	292 707		
	Dividends receivable		1 000	364 049	271 090
		1 924 172	1 582 955	364 049	271 090
21.	CREDITORS				
	Trade creditors	1 086 623	847 582		
	Accruals and other creditors	990 465	509 160	1 878	1 571
		2 077 088	1 356 742	1 878	1 571

Notes to the Financial Statements

	GROUP	
	1999 $000's	1998 $000's
22. DIRECTORS' EMOLUMENTS		
Paid by subsidiaries:		
For services as directors	716	410
For managerial services	17 135	11 190
	17 851	11 600
23. CONTINGENT LIABILITIES		
Guarantees	15 000	8 000
Deferred taxation	950 000	664 000
	965 000	672 000

Litigation, current or pending, is not considered likely to have a material effect on the Group.

The contingent liability for deferred tax comprises:

	1999 $000's	1998 $000's
Capital allowances in excess of depreciation	912 200	578 000
Net allowances on instalment and other debtors	134 100	210 600
Prepaid expenses	54 600	9 600
Unutilised tax losses	(81 600)	(12 300)
Amount provided in tax equalisation	(69 300)	(121 900)
	950 000	664 000

Had deferred taxation been fully provided in accordance with the requirements of International Accounting Standard 12, earnings attributable to shareholders would have decreased by $286 million (1998 - $197 million) and attributable and headline earnings per share would have been 109,7 cents (1998 - 75,7 cents) and 100,2 cents (1998 - 74,8 cents) respectively.

	1999 $000's	1998 $000's
24. FUTURE LEASE COMMITMENTS		
Payable within one year	153 190	101 190
Payable two to five years	507 570	396 170
Payable six to ten years	418 525	417 285
Payable thereafter	442 334	289 391
	1 521 619	1 204 036

	GROUP	
	1999	1998
	$000's	$000's
25. COMMITMENTS FOR CAPITAL EXPENDITURE		
Contracts and orders placed	**218 897**	755 957
Authorised by directors but not contracted	**484 648**	886 291
	703 545	1 642 248

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 ordinary dividend entitlement for the year ended 31 March 1999 from Zimbabwe Sun Limited into shares in that company.

26. PENSION FUNDS

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

26.1 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 July 1997, revealed the actuarial present value of promised retirement benefits and the fair value of the fund's assets to be $943,1 million and $953,2 million respectively, leaving the fund with a surplus of $10,1 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 increases to pensions of 10% per annum.

26.2 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.

26.3 NATIONAL SOCIAL SECURITY AUTHORITY SCHEME

This is a defined benefit scheme promulgated under the National Social Security Authority Act 1989. The Group's obligations under the scheme are limited to specific contributions legislated from time to time. These are presently 3% of pensionable emoluments up to a maximum of $120 per month for each employee.

	GROUP	
	1999 $000's	1998 $000's
26.4 PENSION COSTS RECOGNISED AS AN EXPENSE FOR THE YEAR		
Delta Pension Fund - defined benefit division	59 977	46 162
Delta Pension Fund - defined contribution division	43 523	26 718
Catering Industry Pension Fund	3 200	2 473
National Social Security Authority Scheme	13 413	10 378
	120 113	85 731

27. FINANCIAL RISK MANAGEMENT

27.1 TREASURY RISK MANAGEMENT

The Group Management Committee, consisting of senior executives of the Group, meets on a regular basis to analyse, amongst other matters, currency and interest rate exposures and re-evaluate treasury management strategies against revised economic forecasts. Compliance with Group policies and exposure limits is reviewed at quarterly Board meetings.

27.2 FOREIGN CURRENCY MANAGEMENT

Exposure to exchange rate fluctuations and foreign loans is limited by Group treasury policy and is monitored by the Group Management Committee. Significant exposure to foreign loans is limited to operations that generate sufficient foreign currency receipts that effectively act as a hedge. Operating subsidiaries manage short term currency exposures relating to trade imports and exports within approved parameters.

27.3 INTEREST RISK MANAGEMENT

Group policy is to adopt a non-speculative approach to managing interest rate risk. Approved funding instruments include bankers' acceptances, call loans, overdrafts, commercial paper, foreign loans and where appropriate, long term loans. Approved investment instruments include fixed and call deposits.

27.4 LIQUIDITY RISK MANAGEMENT

The Group has no risk of illiquidity as shown by its unutilised banking facilities of $549 million (1998 - $559 million) and the demand for its corporate paper.

27.5 CREDIT RISK MANAGEMENT

Potential concentrations of credit risk consist principally of short-term cash and cash equivalent investments and trade debtors. The Group deposits short-term cash surpluses only with major banks of high credit standing. Trade debtors comprise a large, widespread customer base and Group companies perform on-going credit evaluations of the financial condition of their customers. Where appropriate, credit guarantee insurance is purchased. Accordingly the Group has no significant concentration of credit risk which has not been insured or adequately provided for.

27.6 FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated net fair values of all financial instruments, including instalment debtors which are shown net of unearned finance charges, approximate the carrying amounts shown in the financial statements.

Shareholders' Analysis and Calendar

Size of Shareholding	Number of Shareholders	%	Issued Shares	%
1 - 5 000	1 713	65,1	2 481 434	0,3
5 001 - 10 000	291	11,1	2 113 308	0,3
10 001 - 25 000	247	9,4	4 009 061	0,5
25 001 - 50 000	125	4,7	4 345 960	0,5
50 001 - 100 000	76	2,9	5 554 829	0,7
100 001 - 200 000	55	2,1	7 626 648	0,9
200 001 - 500 000	48	1,8	15 583 700	1,9
500 001 and over	77	2,9	785 669 217	94,9
	2 632	100,0	827 384 157	100,0

Category				
Local Companies	443	16,8	246 808 114	29,8
Foreign Companies	3	0,1	190 600 386	23,0
Pension Funds	52	2,0	157 531 207	19,0
Nominees, local	39	1,5	129 616 257	15,7
Nominees, foreign	12	0,5	38 517 643	4,7
Insurance Companies	30	1,1	35 003 720	4,3
Resident Individuals	1 727	65,6	20 522 660	2,5
Non-Resident Individuals	233	8,9	3 573 347	0,4
Other Organisations	93	3,5	5 210 823	0,6
	2 632	100,0	827 384 157	100,0

Included in the category of '500 001 shares and over' is Delta Employee Participation Trust Company (Private) Limited which holds 10 861 240 shares on behalf of 4 101 employees who participate in the scheme.

TOP TEN SHAREHOLDERS

Shareholder	1999	%	1998	%
Rainier Inc.	113 699 608	13,7	110 527 937	13,6
Old Mutual Portfolio Holdings Ltd	98 159 500	11,9		
Barclays Zimbabwe Nominees (Pvt) Ltd	79 058 130	9,6	102 228 472	12,6
Old Mutual Investment Corp (Pvt) Ltd	66 045 791	8,0	164 196 925	20,2
Tigatel B V	63 844 175	7,7	62 063 230	7,6
Old Mutual	52 627 284	6,4	31 405 043	3,9
Post Office Savings Bank	44 254 025	5,3	43 019 551	5,3
Stanbic Nominees (Pvt) Ltd	28 342 934	3,4		
First Mutual Life Assurance Society	24 050 501	2,9	18 805 814	2,3
National Social Security Authority (National Pensions)	22 972 339	2,8	18 057 039	2,2
National Oil Co. of Zimbabwe (Pvt) Ltd			47 368 053	5,8
NSSA Pension & Other Benefits Scheme			20 107 236	2,5
Other	234 329 870	28,3	195 644 072	24,0
	827 384 157	100,0	813 423 372	100,0

Shareholders' Analysis and Calendar

MAJOR SHAREHOLDERS	1999	%	1998	%
Old Mutual	216 832 575	26,2	195 601 968	24,0
South African Breweries	190 600 386	23,0	185 283 554	22,8
	407 432 961	49,2	380 885 522	6,8

RESIDENT AND NON-RESIDENT SHAREHOLDERS				
Resident	505 531 720	61,1	482 360 060	59,3
Non-resident	321 852 437	38,9	331 063 312	40,7
	827 384 157	100,0	813 423 372	100,0

CALENDAR

Fifty-second Annual General Meeting	30 July 1999
Financial Year End	31 March 2000
	Anticipated Dates:
Interim Reports:	
6 months to 30 September 1999	November 1999
12 months to 31 March 2000 and final dividend declaration	May 2000
Dividend Payment Date - final	August 2000
Annual Report Published	July 2000

Registered Office:

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

Telephone: 263-4-883865
e-mail: hgaitskell@delta.co.zw

Transfer Secretaries:

Corpserve (Private) Limited
Fourth Floor,
udc Centre,
Cnr. First Street/Union Avenue,
(P.O. Box 2208),
Harare,
Zimbabwe.

Telephone: 263-4-750711/2
e-mail: collen@trustserve.co.zw