Building brands for a sustainable future

DELTA CORPORATION
LIMITED

ANNUAL REPORT 2001

COMPANY PROFILE

Delta Corporation Limited is invested in, and takes management responsibility for, a portfolio of businesses principally engaged in making available a range of high quality beverages for all our customers. Ultimately, Delta strives to become a total beverage company.

The portfolio comprises:
Lager Beer
Traditional Beer
Carbonated soft drinks

BUILDING BRANDS FOR A SUSTAINABLE FUTURE

The very essence of Zimbabwe, it's strength and true spirit is embodied in the massive granite constructions of Great Zimbabwe. The distinguishing chevron patterns, the painstaking layering of stone upon stone and the strong symbolism of the Zimbabwe Bird are all distinctive features that contribute to this powerful Zimbabwean image.

Identifying values such as these and putting them under the spotlight is the basis for building strong unshakeable brands. Throughout our businesses, efforts are focused on managing, strengthening and solidifying the relationship between our brands and our customers, incorporating all internal and external factors that effect that relationship.

Creating brands that stand the test of time, forming friendships and trust along the way is something of which we at Delta can be proud. It is the business of all of us in the Group to strengthen our brands. It is the foundation of what will take us into the future.

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

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 consumer loyalty cannot be developed. Therefore, it is this ever-changing balance that keeps driving us toward the betterment of both.

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Photographs by D.Allen with permission
Of National Museums and Monuments of Zimbabwe

ORGANISATIONAL VISION

CORE VALUES

Integrity, Honesty and Discipline

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

Respect for the Individual

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

Teamwork

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

Quality in Product and Service

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

Continuous Improvement

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

Good Corporate Citizenship

We 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 professional standards, a portfolio of businesses principally engaged in making available a range of high quality beverages for all our customers.

MISSION/GOAL

To become the most sought after blue chip counter as judged by all our stakeholders. To be ranked in the top three companies as judged by market capitalisation in sub-Saharan Africa (outside South Africa) by 2004.

ASPIRATION

Working for Delta will be regarded as a privilege. 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.

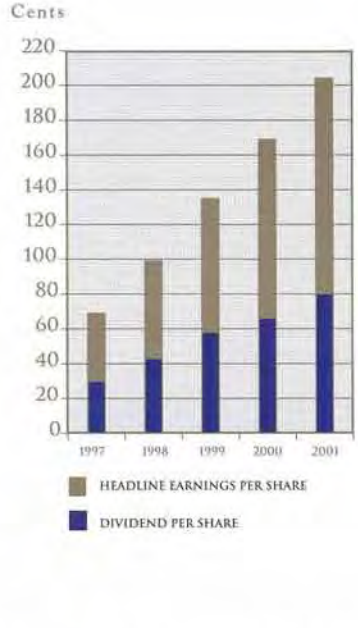
FINANCIAL HIGHLIGHTS

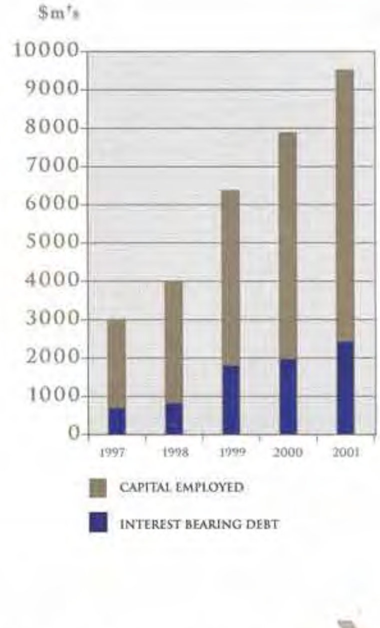
(HISTORICAL)

GROUP SUMMARY ($ MILLION)	2001	2000
Turnover	24 985	18 219
Cash value added	9 514	7 763
EBITDA	3 788	3 244
Income after taxation	1 704	1 498
Attributable earnings	1 681	1 282
Headline earnings	1 753	1 433
Total assets	13 278	10 699
Market capitalisation	15 948	8 173

SHARE PERFORMANCE (CENTS)	2001	2000
Earnings per share		
- attributable earnings basis	195	151
- headline earnings basis	204	169
- cash equivalent earnings basis	217	170
Cash flow per share	111	139
Dividends per share	80	66
Net asset value per share	670	539
Market price per share	1 850	950

FINANCIAL STATISTICS	2001	2000
Return on equity (%)	29,1	27,6
Financial gearing ratio (%)	31,9	30,0
Interest cover (times)	2,6	2,9





CHAIRMAN'S STATEMENT

INTRODUCTION

The hostile economic environment in Zimbabwe has continued unabated. The hopes expressed a year ago that there would be, in the immediate post election period, decisive Government action to reverse the economic decline have been dashed. The economic turnaround did not take place and, as a result, the available capacity within the Group continued to be under-utilised. Whilst some businesses have shown good growth in revenue, the overall result for the Group has been disappointing. The hotels in particular have suffered a collapse in arrivals, and the resultant losses by the hotel subsidiary, Zimbabwe Sun Limited, have negated the relatively strong results of the other businesses.

CORE OPERATIONS

DELTA, IN ANNOUNCING ITS INTENTION TO RESTRUCTURE BUSINESS OPERATIONS TO RETAIN A CORE OF BEVERAGE OPERATIONS, HAS ENTERED A NEW ERA. AS THIS PROCESS UNFOLDS WITH THE DEMERGER OF THE GROUP'S RETAIL AND HOTEL INTERESTS, THE NATURE OF THE CORPORATION WILL CHANGE.

On 7 September 2000 the Group announced its intention to restructure business operations to retain a core of beverage operations. Independent consultants have been appointed to advise the Board of Directors on this matter and plans are reaching finalisation. Shareholders will be updated as milestones in this process are reached.

ADDING SHAREHOLDER VALUE

DELIVERY OF VALUE TO SHAREHOLDERS COMES THROUGH THE MEDIUM OF CAPITAL APPRECIATION AND DIVIDENDS RECEIVED, BEST DESCRIBED AS TOTAL SHAREHOLDER RETURN. THE GROUP TARGET IS FOR A LONG TERM RETURN OF 5% REAL GROWTH. IN VIEW OF THE VOLATILITY OF THE SHARE MARKET THE RECORDED RETURN CAN VARY QUITE MARKEDLY AND THUS NEEDS TO BE VIEWED AS A LONGER TERM MEASURE. THE RETURN FOR THE YEAR TO MARCH 2001 WAS A HANDSOME 97% IN HISTORICAL TERMS, SOME 40% ABOVE INFLATION. BUT, OVER THE LAST FIVE YEARS THE RETURN HAS NOT KEPT PACE WITH CUMULATIVE INFLATION.

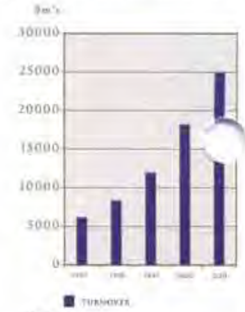
IN ORDER TO ENSURE THE DELIVERY OF VALUE OVER TIME, APPROPRIATE INDIVIDUAL TARGETS HAVE BEEN SET FOR DIVISIONS AND SUBSIDIARIES FOR RETURN ON INVESTMENT, ECONOMIC VALUE ADDED AND REAL GROWTH IN EBITDA.

ENVIRONMENTAL OVERVIEW

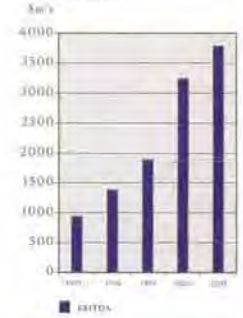
Zimbabwe continues to suffer from socio-political instability and a contracting economy. This has resulted in reduced demand, business failures and job losses. Year on year inflation at the end of March 2001 was 56%. Interest rates for the period to mid-January 2001 were slightly above the rate of inflation. In the last quarter, contrary to Reserve Bank monetary policy, interest rates were of the order of 15%, giving negative real interest rates of over 40%. This has given considerable relief to borrowers, Delta included, but concern must be expressed that this level of interest is a major disincentive to saving and will lead to severe inflation. The exchange rate has continued to be managed, the last change in official rate taking place in September 2000. Regrettably, this shows a predilection to deal with the symptoms of economic problems rather than the underlying fundamentals. Present conditions make Zimbabwe an unpopular destination for tourists, investments and aid. This, together with the viability problems faced by other foreign exchange earning sectors such as mining, horticulture and agriculture, has meant that shortages of foreign currency have become acute and the national backlog of obligations is growing. This will be the most serious and intractable economic problem to face the country over the coming year.

FINANCIAL RESULTS

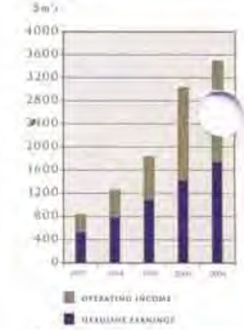
Comments on the financial statements are, unless otherwise stated, in respect of historical information. Turnover increased by 37% to $25 billion with foreign currency earnings down 21% at $1,1 billion due to the drop experienced in tourism. Export earnings have been a particular focus during the year, and efforts made in this area by the lager beer, malt and furniture operations have borne fruit and have resulted in a 77% increase in export proceeds. Given the shortages of currency, this remains a major focus.



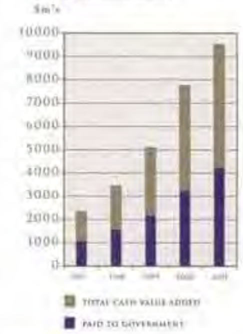
Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 17%. Whilst compounded growth of 39% over the last five years is a little under the average rate of inflation over the same period, the current year growth is well short of inflation and reflects the difficulties experienced in tourism.



The Group, through its businesses and its employees makes a major contribution to the fiscus. Nearly $4,3 billion has been paid to the Government in income, sales and excise taxes. In addition to this, income taxes would make up a significant portion of the $ 3 billion paid to employees. In the first three quarters of the year, excise payments were in decline in line with the falling lager beer volumes. After a slightly slow start, the volumes and excise payments have picked up following the reduction in lager beer excise from 80% to 60% ad valorem.



Financing costs amounted to $1,3 billion, up 38% on last year's figure. Interest cover remains below the Group's preferred threshold of six times. This reflects the high interest rates in place for the first three quarters of the year and the increase in the level of borrowings. In the last quarter, interest rates reduced substantially to give considerable relief to the Group.



After adjusting for non-recurring items, headline earnings rose 21%. For the second year in succession this is below inflation rates and reflects the poor results of the hotel business. The cash equivalent earnings per share of 217 cents shows the Group's continued strength in cash generation.

A final dividend of 58 cents per share has been declared, bringing the total dividend for the year to 80 cents. This is in line with the increase in headline earnings.

CHAIRMAN'S STATEMENT

INVESTMENT AND FUNDING

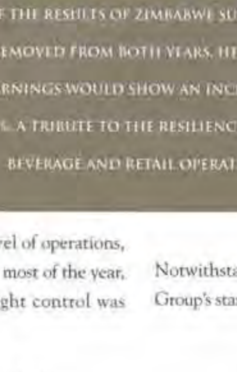
Capital expenditure this year was held to the bare minimum in view of the falling volumes in most of the Group's businesses. $396 million was spent on maintaining operations and $370 million on expansion and upgrading of the asset base primarily in the areas of PET bottle manufacture and bottling and the opening of new retail stores.

STRENGTH OF EARNINGS OUTSIDE THE TOURISM SECTOR

IF THE RESULTS OF ZIMBABWE SUN WERE REMOVED FROM BOTH YEARS, HEADLINE EARNINGS WOULD SHOW AN INCREASE OF 65%. A TRIBUTE TO THE RESILIENCE OF THE BEVERAGE AND RETAIL OPERATIONS.

The management of net working capital has been excellent. The overall increase was $1,2 billion, or 52%. This is a little below inflation and is in line with the level of operations, but the year on year position does not give the full picture. For most of the year, in response to reduced volumes and high interest rates, tight control was maintained over working capital with the result that the increases were marginal. At half year an increase of only $48 million was reported. In the last quarter, with the fall in interest rates, a decision was made to settle foreign currency creditors and to make strategic stock purchases with the effect that working capital increased along with borrowings by some $375 million.

The Group's net borrowings have increased by $483 million to $2,2 billion, largely as a result of the decision in the last quarter to increase the investment in working capital. A year ago the Group was anticipating a considerable reduction in the level of borrowings. This has not materialised due to the low overall level of profitability of the Group. Of the borrowings, $1.4 billion is by Zimbabwe Sun whose borrowings have increased by $700 million over the year.



INTERNATIONAL ACCOUNTING STANDARDS

The production of financial statements of the highest quality is a matter of pride to the Group. Every effort is made to comply with, and even to anticipate, where appropriate, the requirements of the International Accounting Standards Committee.

Changes, over the last two years, to the reporting requirements in respect of deferred tax, have not, in our opinion, catered for the impact of high levels of inflation on the value of the deferred tax liability which is calculated on historical accounting temporary differences. In particular, the now common requirement in other accounting standards to adjust assets and liabilities to 'fair value' remains excluded from the determination of the value of future tax flows. This, whilst appealing on the grounds of simplicity, is patently incorrect and gives a distorted value for taxation. The preliminary findings of the project working party of the International Accounting Standards Committee on discounting and a recently released United Kingdom accounting standard both indicate that some means of discounting of future flows is appropriate in determining the value of deferred tax. These developments, to some degree, vindicate the position taken by the Group in the past and are likely to give rise to a change in the International Accounting Standard on deferred tax to allow discounting, though it may take some years for the changes to be implemented. As the exact nature of the requirements cannot be fully anticipated, the Group has decided to continue with its existing policy on deferred tax as we are of the opinion that the reasons previously stated remain valid. However, in view of the international initiatives which support discounting, a detailed exercise has been done to determine the discounted value of deferred taxation arising from temporary differences in respect of transactions which have taken place before the end of the year. The directors are satisfied that the amount set aside in terms of the existing policy by way of deferred tax or tax equalisation adequately provides for the discounted liability.

Notwithstanding the accounting standard changes which are anticipated, the Group's stance on deferred tax leaves our auditors with little 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. Also disclosed there is a contingent liability for over $1billion; whilst this is a large amount it is the Group's view that, under present levels of inflation and current taxation legislation, this contingency is extremely remote.

As regards inflation adjusted financial reporting, the situation is quite different in respect of deferred taxation arising from the significant temporary differences which emanate from the restatement of assets and liabilities. It is not considered appropriate to discount the deferred tax liability which arises as the temporary differences are measured in current dollars and, as they relate to a restatement of values, do not have cash tax significance. Accordingly, full provision is made in those financial statements for deferred tax arising from such restatements.

HYPERINFLATION FINANCIAL REPORTING

In conformity with the requirements of International Accounting Standard 29, inflation adjusted financial statements have been produced and have been reported upon by our auditors. These are based on the historical data which has been adapted in accordance with the accounting standard to take account of the effects of inflation. The majority of comment contained within this annual report relates to the historical information; the reason for this is quite simple, analysts have made it clear to us that they take very little of the inflation adjusted information to account as they consider there is a high risk that different assumptions made by different companies will result in it being impossible to compare results between companies. It is a source of concern to us that the enormous effort and cost which goes into producing inflation adjusted information is not delivering a product which the users want. If this remains the case, it is not money well spent and consideration will need to be given by both this company and the business community to opting out of this standard as being good in theory, but poor in practice. The Group does not use hyperinflation accounts as a business management tool, though clearly, concepts like fixed asset and stock replacement values are of vital importance in an inflationary environment and have been recognised and taken to account in decision making for some years.

CHAIRMAN'S STATEMENT

DIRECTORATE

On 1 December 2000 Mr G D Hollick was appointed to the Board with the simultaneous appointment of Mr S J Hammond as his alternate. Mr M H Simms resigned from the Board on 28 February 2001 and was replaced by Mr A C Parker. I welcome the new directors and look forward to their involvement in the Group. My thanks go Mike Simms for his knowledgeable contributions to the Group during his relatively short spell as a director.

Mr. N G Cox, who continued as chairman of the audit committee after his resignation as a director, has now resigned from that position due to work commitments. The considerable technical skill and pragmatism that he brought to that function over the years is highly appreciated, but I am pleased to report that Mr T N Sibanda has agreed to take over that chairmanship.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

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

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, ENVIRONMENTAL MANAGEMENT AND COMMUNITY SERVICES

Paramount amongst the Corporation's values is its belief in the protection of its people, management of the environment and its assistance to the community.

ISO standards have been found to meet the requirements of both relevant legislation and the Group's environmental policy and Natbrew, Kwekwe Maltings and Chibuku have achieved ISO 9000 certification and are aiming for ISO 14000 certification during the next eighteen months. United Bottlers is currently undergoing certification for The Coca-Cola Company Quality Management system with a view to ISO 14000 certification by December 2001. Delta Distribution is looking to ISO compliance as a first step by the end of 2001. Environmental impact analysis is required as part of all capital expenditure projects.

Medical clinics, which are attached to most group operations, offer primary health care and also conduct awareness campaigns of longer-term benefit to employees. There is a main clinic and consulting rooms, which is staffed by a full time doctor and qualified nursing sisters.

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

The Corporation has built into its Safety, Health and Environmental Policy the aspect of social responsibility. To this end, the Group engages in community based projects that assist in all levels of education, develop sporting capacity and provide assistance to medical institutions.

Delta has continued this year with the project of building of classroom blocks for selected primary schools in each of the eight provinces with $3 million spent this year.

FIVE YEAR FINANCIAL REVIEW - SEGMENTAL

CHAIRMAN'S STATEMENT

Chibuku Breweries is an enthusiastic sponsor of the Neshamwari Traditional Dance Festival and the Group gives financial assistance to the Harare International Festival of the Arts (HIFA), the Jazz Festival, National Ballet, Children's Art and Reps Theatre.

The Group supports soccer through several divisions, the largest contribution being the $5m sponsorship of the Castle Premier Soccer League by National Breweries. Group companies support cricket, cycling, tennis, horse racing, athletics, the Zimsun annual air rally and rugby amongst other sporting activities.

During the year the Group introduced a bursary scheme to assist twenty scholars through their A level studies.

As the Group considers the matters of safety, health, environmental management and community services to be of such importance that they should not be limited to annual communication, a report giving much more detail can be found on the Delta Corporation website. (http://www.delta.co.zw)

HUMAN RESOURCES

I am pleased to be able to report a positive industrial relations environment in spite of the impact of the harsh economic environment on our people. We endeavour to provide a conducive working environment for our people with attention to their safety and health in return for which we receive good service. Productivity continues to improve, but we are acutely aware of the losses of skills both to the Group and to the country as a whole. People and their skills are a national asset which we can ill afford to lose.

The Group goal of five mandays of training per employee per year is not yet being met, but we are closer to the target with the total number of days formal training at our own training centre at Mandel in Marlborough for the year increasing by 1337 days. During the years a fall in complement has arisen through natural attrition, empowerment outsourcing and a limited level of appropriately remunerated retrenchments.

FUTURE PROSPECTS

The Gross Domestic Product of the country remains in decline and is likely to fall as much as 10% in real terms over the next year. This, particularly coming after a year of decline, can be viewed as an economic implosion that will have dire consequences for the country. Increasing poverty, job losses and business failures can be expected. This scenario will not be avoided by tinkering with symptoms, for example by using controls over prices, interest rates or exchange rates. A turn around to a path of sustained economic growth will require major changes in economic and political policy, and recovery will take some time in view of the damage which has already been done and the loss of skills that the country is experiencing.

Falling GDP has a direct impact on consumer spending power and will be felt in the coming year in all Group businesses. The year ahead will be extremely difficult and revenue growth is likely to be below the level of inflation. The lower interest rates will stimulate consumptive buying to a degree, but there is a concern that it will result in greatly increased inflation. Working capital and capital expenditure will be tightly controlled and plans are in place to ensure that overheads match the level of operations. Barring a significant deterioration in the economic environment, historic earnings for the restructured beverage Group are expected to increase in line with inflation.

APPRECIATION

The results for the year are pleasing in the context of the extremely difficult environment in which the Group operated during the year. As Chairman, I wish to express my gratitude to all employees for all the efforts that they put in to achieve this. Further, I thank my fellow directors for the support I have received from them and the contribution that they have made to the business of the Group.

The coming year will be challenging, but we should not be fearful of this; in an unpredictable environment we need to be flexible so that, whilst we plan for a particular set of circumstances, we are able to adapt quickly to changes.

Mupawose

DR. Robbie M. Mupawose
CHAIRMAN
18 May 2001

CREATING VALUE

THE GROUP PROCUREMENT OFFICE WHICH WAS SET UP LAST YEAR WITH THE ASSISTANCE OF OUTSIDE CONSULTANTS IS AN INITIATIVE TO DRIVE COSTS OUT OF THE SYSTEM. ITS PURPOSE IS TO CONCENTRATE BUYING POWER AND CREATE PURCHASING EFFICIENCIES. DURING THE YEAR ITS ACTIVITIES WERE WIDENED BEYOND THE INITIAL 'QUICK WINS' EXERCISE INTO A DETAILED ASSESSMENT OF INPUTS, WHERE APPROPRIATE COMMODITY TEAMS HAVE BEEN SET UP TO NEGOTIATE SUPPLY CONTRACTS WHICH ARE THEN POSTED ON THE INTRANET TO ENSURE COMPLIANCE.

THE INFORMATION TECHNOLOGY FUNCTION AT DELTA HAS BEEN COMMERCIALISED WITH A VIEW TO MAKING IT A STAND ALONE INCOME GENERATING UNIT WITH THE DELTA DATA CENTRE FULLY SET UP AND RECENTLY RE-HOUSED, DELTANET COVERING 139 CONNECTED SITES AND AN E-BUSINESS CENTRE PILOT PROJECT. THIS OPERATION HAS THE POTENTIAL TO UNLOCK CONSIDERABLE VALUE AS THE ASSET BASE ALREADY CREATED IS SPREAD TO A WIDER USER BASE.

REVIEW OF OPERATIONS

NATBREW

NATIONAL BREWERIES

Volumes at National Breweries dropped by 16% as a result of the severe pressure on disposable income throughout the year. However, volumes in the last quarter recovered substantially to be only marginally below the previous year. This was as a result of the drop in excise taxes from 80% ad valorem to 60%, with effect from 1 December, which allowed an 11% reduction in selling prices. This boosted sales and increased excise payments. Export sales have increased 32% in volume and 73% in value. Overheads expanded in line with inflation so that, with the loss in volumes, Natbrew's operating profits increased by only 14%.

Lion Lager and Golden Pilsener continue to gain market share from Castle Lager and Lion has, for the first time, now surpassed Castle as the leading brand. Golden Pilsener was the only brand not to show a decline in volumes for the year. Both new Zambezi brands have gained acceptance in the market, and emphasis now is on ensuring penetration and availability.

The emphasis being placed on the 750ml bottle as a 'value for money' package is bearing fruit and the pack has grown against the overall trend.

DURING THE YEAR TWO NEW BRANDS IN THE ZAMBEZI STABLE WERE LAUNCHED.

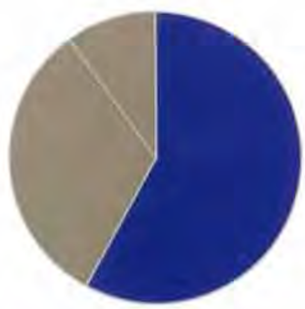
THESE ARE FAST GAINING MARKET APPRECIATION. ZAMBEZI DRY IS ENTIRELY FOR THE EXPORT MARKET AND IS SOLD IN A LIGHT WEIGHT NON-RETURNABLE GLASS BOTTLE WHILST ZAMBEZI LITE IS A BEER THAT CATERS FOR THE SECTOR OF THE LOCAL AND INTERNATIONAL CONSUMER MARKET WHICH DESIRES LOWER ALCOHOL LEVELS.

In view of the reduced volumes, capital expenditure was limited to $79 million which related primarily to equipment replacement. $59 million will be spent in the coming year. Container expenditure is budgeted at just $19 million.

Natbrew has continued with generous sponsorship of charities, cultural events and many sporting disciplines, with individual brands being associated with the promotion of one or more sports.

Anticipated pressure on consumer spending power in the year ahead will make this a challenging time. Management focus will be on enhancing and consolidating operational efficiencies in all areas of the business. Particular emphasis will also be placed on export market penetration with a view to making greater use of available capacity.

OPERATING INCOME



BEVERAGES & DISTRIBUTION

REVIEW OF OPERATIONS

CHIBUKU BREWERIES

Chibuku volumes were down just 3% on the year reflecting the tendency for consumption to shift to traditional beer in difficult times. Fourth quarter volumes were adversely affected by flooding in some areas which restricted access, but this was offset by promotional activities focused on major consumers. The packaged 2 litre 'Scud', which this year celebrated its tenth year of existence, continued to gain market share at the expense of the draught product and now represents over 70% of total sales. During the year a 20 litre 'mini-bulk' pack was launched on an experimental basis, initial indications are highly favourable and it is intended that the market penetration of this package will be extended.

THE 'SCUD'

TENTH ANNIVERSARY CELEBRATIONS

THIS YEAR

'IT'S BHO O NECHIBUKU'

Despite the loss in volumes, Chibuku Breweries has delivered outstanding operating results. This has been achieved largely as a result of excellent cost control and improved productivity levels. There have also been savings in distribution costs through various initiatives during the year.

The introduction of the Scud screw-on cap has eliminated problems associated with pop-offs which had previously resulted in beer losses. Product quality has been excellent during the year and research continues into improved formulations and new sorghum cultivars.

CHIBUKU
TRADITIONAL BEER BREWING

As is the case with all operating divisions capital expenditure was curtailed during the year and only $29 million was spent on capital items, mainly in regard to replacing assets that had reached the end of their useful lives. $30 million has been approved for current year capital investment with an additional $80 million also earmarked for plastic crates and bottles.

During the year ahead particular emphasis will be placed on ensuring continuity of supply of essential bulk ingredients such as maize and sorghum through contract arrangements and strategic buying.

UNITED BOTTLERS

UNITED BOTTLERS

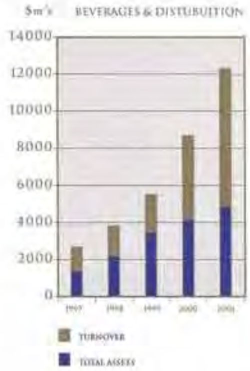
United Bottlers volumes were 15% down on the previous year, and whilst this partly reflects the impact of adverse weather conditions, the major factor contributing to this drop is the economic contraction and the resultant reduction in discretionary spending. The drop in volumes is much more marked in the rural areas, whereas the fall has been quite modest in the urban market. Particularly in the urban areas, the shortage of paraffin to run coolers has resulted in sales losses. The Harare PET plant which was installed during the previous year has come into its own during the year and the non-returnable 500ml PET pack now represents 9% of volumes. PET is an exciting packaging development and growth is expected to continue as additional brands and pack sizes are brought to the market.

500ML PET

SUCCESSFUL LAUNCH OF THE 500ML CONVENIENCE PACK IN THE COKE, DIET COKE, FANTA & SPRITE BRANDS WHICH HAS PROVED ATTRACTIVE TO A LARGE SECTOR OF THE MARKET

United Bottlers performed poorly in terms of profit a a result of the impact of currency depreciation on th cost of imported inputs. The division has successfull taken action to control overhead costs in the face o reduced production levels and further cost savings wil be gained from the cessation of production in Masvin on 1 March 2001 and other reorganisations tak place. The production plant from Masvingo has bee transferred to Bulawayo where it has since bee successfully commissioned.

The division's capital expenditure amounted to $88 million during the yea mainly in respect of coolers into the market and further expenditure o enhancement of the PET project. Budgeted fixed asset expenditure for the ne year is $35 million and about $50 million will be spent on containers.



DELTA DISTRIBUTION

Delta Distribution manages the Group's heavy vehicle fleet which primarily services the beverage divisions of National Breweries, Chibuku Breweries and United Bottlers. The operating environment for transporters has been exceptionally difficult over the last year with severe fuel shortages and difficulties in obtaining spares and tyres; Delta Distribution has put in a remarkable performance in providing an unbroken service despite the problems.

At 31 March 2001 the fleet consisted of 299 primary and secondary rigs and 631 trailers. When compared to the position a year ago this represents a reduction of 36 prime movers and 32 trailers. This dramatic reduction in fleet size, which will continue into the coming year with an anticipated further reduction of 22 prime movers and 33 trailers, has come about as part of a major project to rationalise distribution in the face of reducing volumes and rising input costs. After some years of successful containment, costs of operating a transport fleet have risen much faster than the general level of inflation and the dynamics of a delivery service have had to change. The price of tyres has risen 108% over the year and fuel has risen 100%. For the first time, fuel is the largest component of direct running costs at over 50%. During the year freight trailers have been modified to 'seven high' to fully utilise the increased axle weight regulations. Route planning and product delivery synergies have been intensified to minimise the distance travelled to achieve each sale.

A MAJOR PRODUCTIVITY INITIATIVE

THIS YEAR SAW THE SETTING UP OF MISSION DIRECTED WORK TEAMS TO REINFORCE THE WORLD CLASS MANUFACTURING INITIATIVE

The concept of Combined Distribution Centres (CDC's) has been expanded in the current year from 5 to 8 centres by the addition of Hwange, Bindura and Chiredzi. A further two sites are planned for the coming year and in the future will cover the larger centres.

It is vital to maintain a reasonable fleet age profile and during the year $149 million was expended on assets, mainly on heavy vehicles, but also with $5 million on autodata which has proved to be a highly effective cost control system. In the year ahead, the reduction in vehicle numbers has allowed for a considerably reduced replacement budget but, whilst this is possible in the short term, the division will have to return to the replacement programme next year.

REVIEW OF OPERATIONS

OK ZIMBABWE
MASS MERCHANDISING

OK ZIMBABWE

The continued pressure on the consumer dollar was evident during the year as the diminishing disposable income resulted in reduced spending. Sales growth at OK Zimbabwe was below in-store low and high income inflation indices with the furniture area most affected although it should be noted that this is in comparison to an exceptionally high level of growth in the prior year.

THE OK GRAND CHALLENGE

THE LARGEST AND MOST SUCCESSFUL RETAIL PROMOTION IN THE COUNTRY: EAGERLY AWAITED EACH YEAR BY CONSUMERS.

In last year's report it was mentioned that additional sites had been acquired. These have now come on stream and the number of outlets now stands at 45 with 40 under the OK brand and 5 under the Bon Marché label. For some of the new outlets a period of upgrading was needed to ensure that they operated to standards acceptable to the Group and, as a result, full performance was achieved only later in the year.

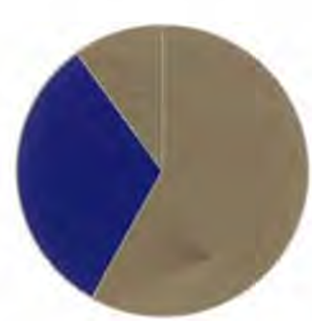
Overheads have again been exceptionally well controlled. The level of shrinkage has increased slightly and debtor arrears have fallen when compared to last year, but both are considerably below world standards and are strictly managed.

The OK Pot 'O' Gold brand now has 104 lines while the new Bon Marché own label, Premier Choice, was launched during the year and boasts 65 lines. The own brand labels now account for over 6% of sales.

The in-store banking project became a reality towards the end of the year and a strategic investment of $100 million was made into Cent[illegible] Holdings Limited as part of an alliance created to provide banking facilities to our valued customers. This initiative closed the year with eight outlets and will, together with our ongoing technology investments, ensure that our customers are provided with an exceptional shopping experience.

Total capital expenditure during the year was $137 million, mostly spent on upgrading the new stores, computerisation and the re-branding of the convenience stores under the "OK Express" banner. In the coming year $80 million is budgeted for store refurbishments and one new outlet.

OPERATING INCOME



REVIEW OF OPERATIONS

J PELHAM (PRIVATE) LIMITED

Pelhams

The exceptional performance in the prior year was difficult to repeat especially under a much more difficult economic environment. Sales increased by only 36% over the previous year which represents a volume reduction. However, we believe that this growth was still ahead of competition and market share gains were achieved through our better product offering. It is pleasing to note that management responded to the low sales growth by tightening control over overheads and this resulted in an operating income performance which was almost equal to year on year inflation.

EXCLUSIVE FURNITURE

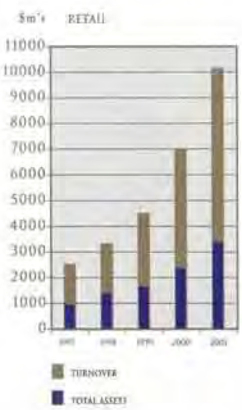
THE PELHAMS GROUP CONTINUES TO SUPPLY THE WIDEST EXCLUSIVE RANGE OF FURNITURE ACROSS THE COUNTRY

One new outlet was opened in Chipinge and its performance exceeded expectations. The Office Now branch was closed during the year while the Bradlows Bulawayo Branch closed at the end of February 2001 for major rebuilding of the complex by the landlord, this will reopen in November. A major fire that occurred at the flagship branch in Robert Mugabe Road in August 2000 resulted in the partial closure of the outlet for three months.

This partial closure affected sales for the period. Management and our Information Technology service providers, in particular Delta's Data Centre and wide area network, are to be commended for the way they handled the difficult situation as within three hours of the fire, communications with the wide area network were back on line and no data was lost.

The Acorn furniture-manufacturing factory continues supplying the store with exclusive lines and exports for the year were 275% above previous period. It is our intention to increase these sales four-fold in the current year to enable us to generate critical foreign currency.

The company spent $25 million in capital expenditure on computerisation and store refurbishments and a further $25 million is budgeted for the coming year.



NATBREW
BARLEY MALTING

KWEKWE MALTINGS

The reduction in local beer sales has meant that the export tonnage exceeded the local sales and made up 54% of the 33 250 tonnes sold during the year. Depressed international barley malt prices and the artificially managed exchange rate continued to affect the profitability of the division which fell well short of keeping pace with inflation.

Barley supplies from the 2000 winter season were below requirements and have been supplemented with imports. There are serious concerns about the level of planting for the 2001 growing season in view of the farm occupations.

EXPORTS

EXPORT VOLUMES GREW 8% AND WERE VALUED AT $304 MILLION

In order to attract export markets, alternative varieties of barley are being tested and Zimbabwe bred varieties are being aggressively marketed with brewing trials underway which, if successful, will result in a more reliable export market.

Capital expenditure for the year ahead is aimed mainly at additional malt holding facilities to meet the requirements of certain export customers and is budgeted at $15 million.

MEGA
INDUSTRIES

MEGA INDUSTRIES

Megapak Zimbabwe (Private) Limited, which incorporates Megapak (injection moulding), Megapet (PET bottle blowing), Blowmoulders (other blow moulded products) and Megatank (large plastic tank manufacturing), is the leading plastic converter in Zimbabwe.

The growth in plastic product sales is expected to continue as there are still some capacity constraints to meeting demand, particularly in the arena of PET bottles to the soft drink and edible oil industries. The main raw material for this business is entirely imported and the shortages of foreign currency will prove to be the biggest constraint in the year ahead.

Volume growth for the year, measured in terms of tonnes converted, was an impressive 22%, with the biggest growth being shown in the PET bottles. The increase in volumes, together with the dual effects of increased international prices for oil based materials and the fall in value of the Zimbabwe Dollar, has resulted in sales which were 113% above those of the previous year.

WORLD CLASS TECHNOLOGY

STATE OF THE ART PET PLANT INSTALLED TO MEET INCREASED MARKET DEMAND

$106 million was spent on capital goods this year mainly in enhancing PET capacity and the $50 million for the coming year will be in the same market.

REVIEW OF OPERATIONS

ZIMBABWE SUN LIMITED

The tourism environment remained extremely hostile during the entire year under review. The expectation of a positive change in the country's image subsequent to the Parliamentary election did not materialise, fuel supplies continued to be unreliable and arrivals remained depressed at extremely low levels, particularly from the more viable regional and international markets. Reduced disposable income devastated the local market's ability to utilise the company's facilities. Occupancies for the year, of 35%, were significantly below a reasonable expectation of 65%. The greatest impact was felt in the international market segment where arrivals fell by 55%; this negatively affected the sales mix and, as a result, average room rates reflected little growth on the prior year.

OPERATIONAL FOCUS

THE PROPERTY PORTFOLIO HAS BEEN REFOCUSED TO CONCENTRATE ON LARGE CITY AND RESORT HOTELS – MINIMUM SIZE 100 ROOMS

Revenues are driven through a combination of occupancy, market mix and room rate. Given the environmental impact on all three components, turnover was only 70% of that achieved in the prior year. This resulted in an operating loss of $191 million. The company focused its efforts on streamlining operations and managing costs. The company totally restructured operations and concentrated on the city hotel and resort portfolio. A number of support services were outsourced as were the bulk of the food and beverage operations. In consequence, net operating costs of $1 395 million were held at the same level as the prior year. The loss for the year amounted to $745 million as against a profit of $163 million achieved last year.

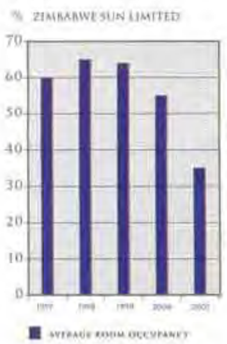
The company started the year with net interest bearing debt of $741 million and an expectation of reducing it to more manageable levels. However, the severe downturn in operations and the devaluation of the Zimbabwe Dollar pushed borrowings to $1 435 million by 31 March 2001.

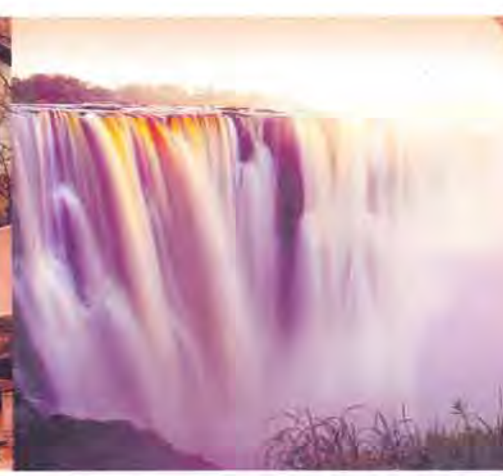
During the year the debt was restructured, a substantial portion of foreign loans were repaid and substituted with a further $250 million Redeemable Preference Shares. In addition, the substantial decline in the rates of interest in recent months has had a very positive affect on borrowing costs and has contributed to the company's ability to reduce the loss for the year.

The only development project of note was the construction of a conference facility at the Holiday Inn Bulawayo. This project of approximately $55 million was largely funded by the property landlord, the National Railways of Zimbabwe Pension Fund, and has greatly enhanced the hotel.

Capital expenditure will be minimal in the coming year. The need to preserve cash and lower borrowings will be paramount in the months ahead.

ZIMBABWE SUN LIMITED





REPORT OF THE DIRECTORS

The Directors present their Fifty Fourth Annual Report and the Audited Financial Statements of the Group for the year ended 31 March 2001.

Year's Results			**$m's**
Earnings attributable to Shareholders			1 681
Dividends			
Interim:	22 cents per share paid January 2001	(189)	
Final:	58 cents per share payable July 2001	(500)	
Total:	80 cents per share (2000 - 66 cents)		(689)
Retained Income for the Year			992

FIXED ASSETS

Capital expenditure for the year to 31 March 2001 totalled $766 million. The capital expenditure for the year to 31 March 2002 is planned at $403 million, of which $67 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

In accordance with a special resolution passed by members in a general meeting on 28 July 2000, the authorised share capital was increased by $10 000 000, divided into 200 000 000 (two hundred million) ordinary shares of 5 cents each. Therefore the authorised share capital at 31 March 2001 has been increased by $10 000 000 to $55 000 000, comprising 1 100 000 000 shares of 5 cents each. The issued share capital has increased by the issue of 1 700 640 ordinary shares in accordance with the share option scheme. Accordingly, the issued capital is now $43 102 000 and share premium totals $1 052 017 000. The number of ordinary shares currently under option total 21 718 910.

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, Dr. E. Mazhindu and Messrs. T.N. Sibanda, J.E. Smith and V.W. Zireva retire by rotation. Being eligible they all offer themselves for re-election.

Mr G.D. Hollick was appointed to the Board on 1 December 2000 with the simultaneous appointment of Mr S. J. Hammond as his alternate.
Mr A. C. Parker was appointed on 1 March 2001 in place of Mr M. H. Simms who resigned on 28 February 2001.

Messrs. G.D. Hollick, S. J. Hammond and A. C. Parker will retire at the conclusion of their interim appointments and will offer themselves for re-election.

AUDITORS

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

ANNUAL GENERAL MEETING

The Fifty Fourth Annual General Meeting of the Company will be held at 1600 hours on Friday 27 July 2001 at the Registered Office of the Company.

BY ORDER OF THE BOARD

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

18 May 2001

CORPORATE GOVERNANCE

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 lation and reporting of transactions in securities of Group companies by ectors 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.

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. Non-executive directors chair the Delta Board and that of its listed subsidiary.

RECTORS' INTERESTS

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

THE AUDIT COMMITTEE

The Audit Committee of the Board deals, inter alia, with compliance, 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 are 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.

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. This includes, wherever it is considered appropriate, the early adoption of accounting standards.

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 on all temporary differences between the tax bases of assets and liabilities and their historical carrying value in the financial statements as is required by International Accounting Standard 12. The Group has not adopted this standard as it is viewed that the prohibition of the discounting of deferred tax liabilities contained in that standard does not achieve true and fair reporting in an environment of high inflation. Recent developments in the United Kingdom and the initial findings of a working party of the International Accounting Standards Committee on discounting support the view that the discounting of deferred taxation is appropriate. The Group intends to comply with the requirements of the standard when it is amended to allow for discounting or 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 18.

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 March 2002. 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 20.

The Board recognises and acknowledges its responsibility for the Group's system of internal financial control. Delta's policy on business conduct, which covers ethical behaviour, compliance with legislation and sound accounting practice, underpins the Group's internal financial control process. The control system includes written accounting and control policies and procedures, clearly defined lines of accountability and delegation of authority, and comprehensive financial reporting and analysis against approved budgets. The responsibility for operating the system is delegated to the executive directors who confirm that they have reviewed its effectiveness. They consider that it is appropriately designed to provide reasonable, but not absolute, assurance that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded. The effectiveness of the internal financial control system is monitored through management reviews, representation letters on compliance signed by the Managing Director of each major entity and a comprehensive 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 with 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 group of the size, complexity and diversity of Delta, it is to 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 2001, which appear on pages 21 to 49 were approved by the Board of Directors on 18 May 2001 and are signed on its behalf by:

Mupawose

Dr R.M. MUPAWOSE
Chairman

JP Rooney

J.P. ROONEY
Group Chief Executive

GROUP ANNUAL FINANCIAL STATEMENTS

REPORT OF THE INDEPENDENT AUDITORS

We have audited the financial statements set out on pages 21 to 49. 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 over financial statement presentation.

The financial statements do not comply with the requirements of International Accounting Standard 12 (Revised) as regards the provision for deferred tax on all temporary differences. Details of the financial effect of non compliance are given in note 23.

In our opinion, except as indicated in the preceding paragraph, 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, 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 2001 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,
18 May 2001

Deloitte & Touche

GROUP INCOME STATEMENTS

FOR THE YEARS ENDED 31 MARCH

	Notes	INFLATION ADJUSTED 2001 $m's	INFLATION ADJUSTED 2000 $m's	HISTORICAL 2001 $m's	HISTORICAL 2000 $m's
TURNOVER	4	30 790	35 281	24 985	18 219
NET OPERATING COSTS	6	(29 241)	(31 933)	(21 488)	(15 189)
OPERATING INCOME		1 549	3 348	3 497	3 030
Non-recurring items	7	(198)	(290)	(108)	(186)
Financing costs	8	(1 445)	(1 651)	(1 291)	(934)
Fair value adjustments		(13)	(3 396)	135	
Monetary gain		717	616		
Equity accounted earnings		(35)	21	(14)	15
		575	(1 352)	2 219	1 925
Taxation	9	1 514	1 553	(515)	(427)
INCOME AFTER TAXATION		2 089	201	1 704	1 498
Attributable to outside shareholders		(56)	420	(23)	(216)
EARNINGS ATTRIBUTABLE TO SHAREHOLDERS		2 033	621	1 681	1 282
Dividends	10	(733)	(966)	(689)	(568)
Retained earnings for the year	15	1 300	(345)	992	714
Retained earnings for the year attributable to:					
Company		170	(531)	1 134	590
Subsidiaries and arising on consolidation		1 214	175	(122)	113
Associated companies and joint ventures		(84)	11	(20)	11
		1 300	(345)	992	714
EARNINGS PER SHARE (CENTS)					
- attributable earnings basis	2.6	236,1	73,1	195,2	150,9
- headline earnings basis	2.6	251,6	100,7	203,6	168,6
- cash equivalent earnings basis	2.7			217,3	170,3
DIVIDENDS PER SHARE (CENTS)	10	85,1	113,7	80,0	66,0

GROUP CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 MARCH

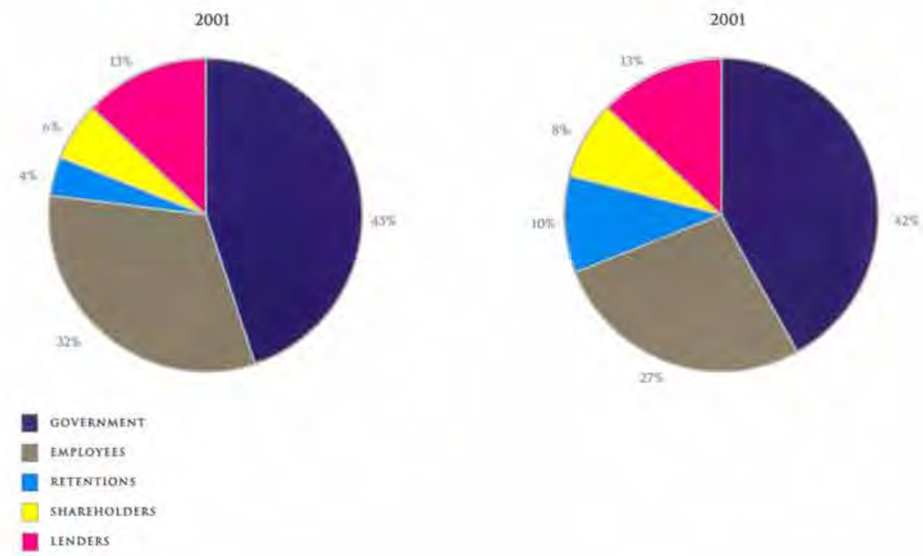
	Notes	INFLATION ADJUSTED		HISTORICAL	
		2001	2000	2001	2000
		$m's	$m's	$m's	$m's
Cash retained from operating activities					
Cash generated from trading	11.1	3 585	5 649	3 741	3 2[illegible]
Utilised to increase working capital	11.2	389	65	(1 210)	(7[illegible]
Cash generated from operating activities		3974	5 714	2 531	2 491
Financing costs		(1 445)	(1 651)	(1 291)	(934)
Taxation paid	11.3	(458)	(361)	(274)	(177)
Cash flow from operations		2 071	3 702	966	1 380
Dividends paid	11.4	(824)	(683)	(568)	(273)
Net cash retained		1 247	3 019	398	1 107
Cash utilised in investment activities					
Proceeds on partial disposal of business interests			16		7
Investment to maintain operations					
Replacement of fixed assets		(451)	(700)	(396)	(424)
Proceeds on disposal of fixed assets		139	248	103	140
		(312)	(436)	(293)	(277)
Investment to expand operations					
Fixed asset additions		(431)	(1 293)	(370)	(751)
Increase in loans and investments		(26)	(265)	(218)	(225)
		(457)	(1 558)	(588)	(976)
Net cash invested		(769)	(1 994)	(881)	(1 253)
		478	1 025	(483)	(146)
Financing activities					
Movement in borrowings		(648)	(1 050)	461	222
Movement in cash		162	3	14	(88)
Increase in shareholder funding	11.5	8	22	8	12
Net financing raised		(478)	(1 025)	483	146
Cash flow per share (cents)	2.8	234,0	1 342,5	110,7	139,0

GROUP CASH VALUE ADDED STATEMENTS

FOR THE YEARS ENDED 31 MARCH

	INFLATION ADJUSTED		HISTORICAL	
	2001 $m's	2000 $m's	2001 $m's	2000 $m's
CASH GENERATED				
Cash derived from sales	31 335	35 248	24 401	17 750
Cash payments outside the Group to suppliers of materials, facilities & services	(18 543)	(19 250)	(14 887)	(9 987)
Cash value added	12 792	15 998	9 514	7 763
Cash utilised to :				
Remunerate employees for their services	3 850	4 221	3 008	2 133
Pay income, sales and excise taxes to Government	5 426	6 424	4 246	3 270
Provide lenders with a return on monies borrowed	1 445	1 651	1 294	980
Provide shareholders with a reward for the use of their risk capital	824	683	568	273
CASH DISBURSED AMONG STAKEHOLDERS	11 545	12 979	9 116	6 656
CASH RETAINED IN THE BUSINESS				
From shareholders in exchange for scrip		658		334
Further retentions	1 247	2 361	398	773
AVAILABLE TO FUND THE REPLACEMENT OF ASSETS AND FACILITATE FURTHER GROWTH	1 247	3 019	398	1 107

CASH VALUE ADDED



GROUP BALANCE SHEETS

AT 31 MARCH

	Notes	INFLATION ADJUSTED 2001 $m's	INFLATION ADJUSTED 2000 $m's	HISTORICAL 2001 $m's	HISTORICAL 2000 $m's
SHAREHOLDERS' FUNDS					
Share capital	12	2 917	2 917	43	[illegible]
Share premium	13	5 155	5 147	1 052	1 04[illegible]
Non-distributable reserves	14			37	31
Distributable reserves	15	6 928	6 784	4 140	3 144
Proposed dividend	10	500	591	500	379
SHAREHOLDERS' EQUITY		15 500	15 439	5 772	4 641
Outside shareholders' interests in subsidiaries		1 924	2 047	1 130	1 106
TOTAL SHAREHOLDERS' FUNDS		17 424	17 486	6 902	5 747
Tax equalisation and deferred taxation		4 514	5 196	164	99
		21 938	22 682	7 066	5 846
INTEREST BEARING DEBT					
Long term financing	16	28	765	28	491
Short term borrowings	16	2 420	2 331	2 420	1 496
		2 448	3 096	2 448	1 987
TOTAL CAPITAL EMPLOYED		24 386	25 778	9 514	7 833
LONG TERM ASSETS					
Properties, plant, equipment and vehicles	17	19 252	20 201	5 412	5 128
Investments, goodwill and other long term assets	18	958	850	803	432
		20 210	21 051	6 215	5 560
CURRENT ASSETS					
Stocks	19	4 436	4 884	3 574	2 386
Debtors	20	3 220	3 825	3 205	2 442
Short term loans		34	72	34	47
Bank balances		250	411	250	264
		7 940	9 192	7 063	5 139
TOTAL ASSETS		28 150	30 243	13 278	10 699
INTEREST FREE LIABILITIES					
Creditors	21	3 269	3 958	3 269	2 541
Taxation		495	507	495	325
		3 764	4 465	3 764	2 866
TOTAL EMPLOYMENT OF CAPITAL		24 386	25 778	9 514	7 833

GROUP STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 MARCH

	Notes	INFLATION ADJUSTED		HISTORICAL	
		2001	2000	2001	2000
		$m's	$m's	$m's	$m's
Changes in share capital					
Share capital issued	12 & 13	8	636	8	320
Changes in non-distributable reserves					
Donated assets received	14			10	8
Changes in distributable reserves	15				
Deferred tax arising on reindexing		(1 156)	(1 297)		
Currency translation differences					
-arising during the year			19		12
-realisation on closure of subsidiary			(20)		(13)
Net movements in reserves not recognised in the income statements		(1 156)	(1 298)	10	7
Earnings attributable to shareholders		2 033	621	1 681	1 282
Dividends declared - prior year final		(591)	(855)	(379)	(364)
- current year interim		(233)	(375)	(189)	(189)
Shareholders' equity at the beginning of the year		15 439	16 710	4 641	3 585
Shareholders' equity at the end of the year		15 500	15 439	5 772	4 641

GROUP FIVE YEAR FINANCIAL REVIEW

FOR THE YEARS ENDED 31 MARCH

	5 Year Compound Growth %p.a.	2001 $m's	2000 $m's	1999 $m's	1998 $m's	1997 $m's
		HISTORICAL FINANCIAL INFORMATION				
CONSOLIDATED INCOME STATEMENTS						
Turnover	39,6	24 985	18 219	12 001	8 389	6 [illegible]
Taxed operating income	39,8	2 596	2 095	1 718	987	665
Taxed interest payable	72,0	(892)	(597)	(235)	(108)	(73)
Income after taxation	31,9	1 704	1 498	1 483	879	592
Outside shareholders	(9,5)	(23)	(216)	(294)	(72)	(51)
Earnings attributable to ordinary shareholders	34,0	1 681	1 282	1 189	807	541
Dividends	32,5	(689)	(568)	(480)	(349)	(238)
Retained income	35,2	992	714	709	458	303
CONSOLIDATED BALANCE SHEETS						
Shareholders' equity	34,1	5 772	4 641	3 585	2 631	1 846
Outside shareholders	31,8	1 130	1 106	907	405	[illegible]
Total shareholders' funds	33,7	6 902	5 747	4 492	3 036	2 181
Tax equalisation	12,4	164	99	69	122	102
Interest-bearing debt	33,0	2 448	1 987	1 816	834	711
CAPITAL EMPLOYED	32,9	9 514	7 833	6 377	3 992	2 994
Assets						
Long term	27,3	6 215	5 560	4 709	2 864	2 218
Current	42,5	7 063	5 139	3 855	2 614	1 791
TOTAL ASSETS	34,1	13 278	10 699	8 564	5 478	4 009
Interest-free liabilities	37,5	(3 764)	(2 866)	(2 187)	(1 486)	(1 015)
EMPLOYMENT OF CAPITAL	32,9	9 514	7 833	6 377	3 992	2 994

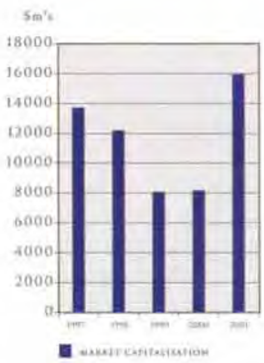
GROUP STATISTICS

FIVE YEAR FINANCIAL REVIEW OF HISTORICAL INFORMATION

	2001	2000	1999	1998	1997
SHARE PERFORMANCE					
PER SHARE (CENTS)					
Attributable earnings	195	151	145	100	69
Headline earnings	204	169	135	99	69
sh equivalent earnings	217	170	143	120	85
ividends	80	66	58	43	30
Cash flow	111	139	93	80	47
Net asset value	670	539	433	323	232
Closing market price	1 850	950	975	1 500	1 725
ZSE industrial index	29 198	14 760	8 975	8 796	10 170
SHARE INFORMATION					
In issue (m's)	862	860	827	813	796
Market capitalisation ($m's)	15 948	8 173	8 067	12 201	13 728
Trading volume (m's)	369	74	171	84	34
Trading percentage	42,9	8,7	20,8	10,5	4,3
RATIOS AND RETURNS					
PROFITABILITY					
Return on equity (%)	29,1	27,6	33,1	30,7	29,3
Income after taxation to total capital employed (%)	17,9	19,1	23,3	22,0	19,8
Taxed operating return (%)	27,3	26,7	26,9	24,8	22,2
Pretax return on total assets (%)	16,7	18,0	18,6	20,0	18,0
SOLVENCY					
Long term debt to total Shareholders' funds (%)	0,4	8,5	1,2	0,9	3,3
ancial gearing ratio (%)	31,9	30,0	36,5	25,6	30,0
Interest cover (times)	2,6	2,9	3,7	6,9	6,3
Total liabilities to total Shareholders' funds (%)	92,4	86,2	90,6	80,5	83,8
LIQUIDITY					
Current assets to interest free liabilities & short term borrowings	1,14	1,18	0,98	1,14	1,08
PRODUCTIVITY					
Turnover per employee ($m's)	2,20	1,40	0,86	0,55	0,44
Turnover to payroll (times)	8,31	8,54	8,37	8,79	8,85
Cash value added to payroll (times)	3,16	3,64	3,56	3,61	3,35
OTHER					
Number of employees	11 378	13 028	13 952	15 201	13 969
Number of shareholders	2 550	2 626	2 631	2 342	1 504

TWO YEAR FINANCIAL REVIEW OF INFLATION ADJUSTED INFORMATION

PER SHARE (CENTS)		
Attributable earnings	236	73
Headline earnings	252	101
Net asset value	17,98	17,95
SOLVENCY		
Long term debt to total Shareholder's Funds (%)	0,2	4,4
Financial gearing ratio (%)	12,6	15,4
Interest cover (times)	0,91	1,84
Total liabilities to total Shareholders' funds (%)	61,6	73,0



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 except as indicated below. These policies do not conform with standards issued by the International Accounting Standards Committee in respect of the provision for deferred taxation on temporary differences between the tax bases of assets and liabilities and their historical carrying value, as required by International Accounting Standard 12. The provisions of all other standards are complied with.

Change of accounting convention

Hyperinflation accounting

In November 1999 the existence of hyperinflation as defined by IAS 29 (Financial Reporting in Hyperinflationary Economies) was formally identified in Zimbabwe. The application of the Standard was made effective for financial statements for periods commencing on or after 1 January 2000. Accordingly, these "Inflation Adjusted" financial statements for both the current year and the previous period are stated in terms of the measuring unit current at 31 March 2001.

The preparation of financial statements in conformity with IAS 29 requires management to make estimates and assumptions that can have a significant impact on the amounts reported in the financial statements.

Adoption of International Accounting Standards

During the current year the Group has adopted two International Accounting Standards:

IAS 36 "Impairment of Assets". This standard sets out rules which define when impairment reviews are necessary and how to determine the value to be assigned to an asset or group of assets.

IAS 39 "Financial Instruments – recognition and measurement". This establishes principles for recognising, measuring and disclosing information about an enterprise's financial assets and financial liabilities. This represents an early application of the standard.

1.1 BASIS OF PRESENTATION

The financial statements of the company and of the Group are prepared under the historical cost convention. For the purpose of fair presentation in accordance with International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies", this historical cost information has been restated for changes in the general purchasing power of the Zimbabwe Dollar and appropriate adjustments and reclassifications have been made. Accordingly, the inflation adjusted financial statements represent the primary financial statements of the Group. The historical cost financial statements have been provided by way of supplementary information.

1.2 INFLATION ADJUSTMENT

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and that corresponding figures for previous periods be stated in the same terms to the latest balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index (cpi) prepared by the Zimbabwe Central Statistical Office. The conversion factors used to restate the financial statements at 31 March 2001 are as follows:

	Index	Conversion Factor
31 March 2001	2 178,9	1,000
31 March 2000	1 398,5	1,558
31 March 1999	927,4	2,349

All items in the income statements are restated by applying the relevant monthly conversion factors.

The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies which are used in the preparation of the financial statements under the historical cost convention. The policies affected are:

Borrowing costs: capitalisation during construction of qualifying assets is considered to be a partial recognition of inflation and is reversed to the income statement and replaced by indexation of cost.

Inventories: these are carried at the lower of indexed cost and net realisable value.

Donated assets: these are fair valued at the time of receipt, and the resultant gain is treated in the same way as any restatement gain.

Container valuation: subsequent revaluations of containers are not applied in reducing the value of deferred container expenditure.

Deferred tax: this is provided in respect of temporary differences arising from the restatement of assets and liabilities.

Fixed assets: are stated at indexed cost less applicable indexed depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

1.3 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 two associates: African Distillers Limited and Food and Industrial Processors (Private) Limited which have year ends of 30 June and 31 December respectively. 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 arising on acquisition of subsidiaries, associated companies, joint ventures and other business interests is 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.

1.4 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 subsidiaries, associated companies and joint ventures. These provisions are released as and when the amounts are restored.

1.5 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.

1.6 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.

1.7 PROPERTIES, PLANT, EQUIPMENT AND VEHICLES

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

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

Assets are assessed for potential impairment at each reporting date. If circumstances exist which suggest that there may be impairment, a more detailed exercise is carried out which compares the carrying values of the assets to recoverable value based on either a realisable value or a value in use. Value in use is determined using discounted cash flows budgeted for each cash generating unit. Detailed budgets for the ensuing three years are used and, where necessary, these are extrapolated for future years taking into account known structure changes. Service division assets and cash flows are allocated to operating divisions as appropriate. Discount rates used are the medium term expected pre-tax real rates of return, adjusted, in the case of historical financial information, to take account of inflation. Impairment losses are recognised as an expense in the income statement and the carrying value of the asset and its annual depreciation are adjusted accordingly. In the event that, in a subsequent period, an asset which has been subject to an impairment loss is considered no longer to be impaired, the value is restored and the gain is recognised in the income statement. The restoration is limited to the value which would have been recorded had the impairment adjustment not taken place.

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

NOTES TO THE FINANCIAL STATEMENTS

1.8 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.

1.9 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 Grou share of post acquisition results and distributable reserves.

Investments regarded as financial assets available for resale and for which fair value can be reliably determined are stated at fair value with the change in value being credited or debited to income.

Unquoted investments, trademarks and financial assets regarded as available for sale, but for which fair value cannot be reliably determined, 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.

1.10 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. With the exception of returnable plastic bottles which are considered to have a short useful life, the difference between the purchase prices of new returnable containers and the related current deposit prices is included in stock. This difference is amortised over the four years following the year of purchase. In the historical financial statements the difference is reduced by subsequent gains arising from deposit price increases; this is not done in the financial statements produced in terms of hyperinflation accounting principles in view of the restatement of container amortisation. The value of any returnable containers scrapped is charged to income statement.

1.11 FINANCIAL INSTRUMENTS

Financial instruments are initially recorded at cost; subsequent to initial recognition, instruments, with the exception of certain fixed maturity investments, are remeasured at fair value. Fixed maturity investments which the company intends to hold to maturity are amortised over the life of the instrument based on the underlying effective interest rate. Assets valued at amortised cost are subjected to a test for impairment. Amounts relating to amortisation and fair value adjustments are treated in income for the year.

Where the Group has financial instruments which have a legally enforceable right of offset and the Group intends to settle them on a net basis or to realise the asset and liability simultaneously, the financial asset and liability and related revenues and expenses are offset and the net amount reported in the balance sheet and income statement respectively.

1.12 TURNOVER

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

1.13 DEFERRED TAXATION

Deferred taxation arising from temporary differences between the income reflected in the financial statements and the taxable income is provided on the amounts expected to become payable in the foreseeable future. This is contrary to the requirements of International Accounting Standard 1 Tax allowances on major capital expenditure can severely distort the tax charge as between one year and another, especially in times of high inflatio 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 lon term effective tax rate into line with the anticipated average over time.

The directors are of the opinion that the full application of this standard is inappropriate in a highly inflationary environment. In assessing the appropria level of provision for deferred taxation the discounted value of deferred taxation arising from temporary differences in respect of transactions which ha taken place before the end of the year, is compared to the amount set aside in terms of the above policy. The directors are satisfied that the amount whi has been set aside, adequately provides for the discounted deferred tax liability and that, accordingly, the financial statements reflect a true and fair disclosu

The amount not provided for on the full liability basis in historic cost terms is shown as a contingent liability. The effect on earnings attributable shareholders is also disclosed.

In respect of inflation adjusted financial information, it is not considered appropriate to discount the deferred tax liability related to the significant tempora differences which arise from the restatement of assets and liabilities as the differences are measured in current dollars. Accordingly, full provision is ma for deferred tax arising from such restatements.

1.14 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.

1.15 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 twent 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.

1.16 RETIREMENT BENEFIT COSTS

Retirement benefits are provided for Group employees through various independently administered defined contribution or defined benefit funds, includi 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 employe working lives within the Group. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cos which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to th expected payroll costs.

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

NOTES TO THE FINANCIAL STATEMENTS

2. DEFINITIONS

2.1 TAXED INTEREST PAYABLE

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

2.2 INTEREST COVER (TIMES)

This is the ratio which the aggregate of operating income, non-recurring items and equity accounted earnings bears to interest payable (inclusive of capitalised intere

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, income before tax inclusive of 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: 861 083 873 (2000 - 849 407 858). 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.

	INFLATION ADJUSTED		HISTORICAL	
	2001	2000	2001	20[illegible]
	$m's	$m's	$m's	$m's
Earnings attributable to shareholders	2 033	621	1 681	1 282
Add non-recurring items (note 7)	133	234	72	151
Headline earnings	2 166	855	1 753	1 433

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 :-

	HISTORICAL	
	2001	2000
	$m's	$m's
Earnings attributable to shareholders	1 681	1 282
Adjusted for		
Non-cash items	109	173
Equity accounted retained earnings	20	(10)
Tax equalisation	65	30
Less: minority share of adjustments	(4)	(28)
Cash equivalent earnings	1 871	1 447

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. The financial statements are expressed in Zimbabwe Dollars.

4. TURNOVER

	INFLATION ADJUSTED		HISTORICAL	
	2001	2000	2001	2000
	$m's	$m's	$m's	$m's
Sales proceeds	26 836	29 632	21 506	15 341
Excise and levies	3 957	4 826	3 157	2 460
Sales tax	1 011	1 236	814	633
Other	1 370	1 652	1 451	855
	33 174	37 346	26 928	19 289
Less: intra-group sales	(2 384)	(2 065)	(1 943)	(1 070)
	30 790	35 281	24 985	18 219
Export sales included above	1 384	2 755	1 107	1 397

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL REPORTING

For management purposes, the Group is currently organised into four operating divisions - beverages, retail, hotels and agro-industrial. As the operations of the agro-industrial division are relatively small, this has been combined with other operations for the purpose of reporting primary segment information. The group does not report by secondary segment as a geographical split within Zimbabwe would not be meaningful, and external operations do not classify as a separate segment.

5.1 YEAR ENDED 31 MARCH 2001

INFLATION ADJUSTED

	Beverages	Retail	Hotels	Corporate & Eliminations	Consolidated
	$m's	$m's	$m's	$m's	$m's
TURNOVER					
External sales	13 679	12 554	1 516	3 041	30 790
Inter-segment sales	1 639	62		(1 701)	
	15 318	12 616	1 516	1 340	30 790

Inter-segment sales are charged on an arm's length basis which includes normal profit mark-up.

	Beverages	Retail	Hotels	Corporate & Eliminations	Consolidated
RESULT					
Segment operating income	1 107	912	(461)	(9)	1 549
Non-recurring items	(7)		(144)	(47)	(198)
Finance costs					(1 445)
Fair value adjustment					(13)
Monetary gains					717
Equity accounted earnings			(35)		(35)
Income before tax					575
Taxation					1 514
Income after tax					2 089
OTHER INFORMATION					
Capital additions	397	209	90	186	882
Depreciation and amortisation	(922)	(167)	(180)	(56)	(1 325)
Other non-cash income/(expenses)	(67)	96	(190)	20	(141)
Balance sheet					
Assets					
Segment Assets	14 929	4 258	5 621	3 128	27 936
Investment in associates					214
Consolidated total assets					28 150
Liabilities					
Segment liabilities	(1 827)	(890)	(981)	(7 028)	(10 726)

5.2 YEAR ENDED 31 MARCH 2000

INFLATION ADJUSTED	Beverages	Retail Eliminations	Hotels $m's	Corporate &	Consolidated
	$m's	$m's	$m's	$m's	$m's
TURNOVER					
External sales	15 689	13 486	3 407	2 699	35 281
Inter-segment sales	1 486	116		(1 602)	
	17 175	13 602	3 407	1 097	35 281
RESULT					
Segment operating income	2 164	961	208	15	3 348
Non-recurring items	(258)			(32)	(290)

NOTES TO THE FINANCIAL STATEMENTS

5.2 YEAR ENDED 31 MARCH 2000 (CONTINUED)

INFLATION ADJUSTED	Beverages	Retail	Hotels	Corporate & Eliminations	Consolidated
	$m's	$m's	$m's	$m's	$m's
Finance costs					(1 651)
Fair value adjustment					(3 396)
Monetary gains					616
Equity accounted earnings					21
Income before tax					(1 352)
Taxation					1553
Income after tax					201
OTHER INFORMATION					
Capital additions	748	186	781	278	1 993
Depreciation and amortisation	(847)	(160)	(516)	(33)	(1 556)
Other non-cash expenses	(226)	(15)	(1)	(39)	(281)
Balance Sheet					
Assets					
Segment Assets	16 215	4 418	6 304	2 908	29 845
Investment in associates					398
Consolidated total assets					30 243
Liabilities					
Segment liabilities	(2 896)	(2 039)	(1 528)	(6 294)	(12 757)

5.3 YEAR ENDED 31 MARCH 2001

HISTORICAL	Beverages	Retail	Hotels	Corporate & Eliminations	Consolidated
	$m's	$m's	$m's	$m's	$m's
TURNOVER					
External sales	12 306	10 163	1 204	1 312	24 985
Inter-segment sales	1 335	51		(1 386)	
	13 641	10 214	1 204	(74)	24 985
RESULT					
Segment operating income	2 150	1 206	(186)	327	3 497
Non-recurring items	(6)		(61)	(41)	(108)
Finance costs					(1 291)
Fair value adjustment		135			135
Equity accounted earnings			(29)	15	(14)
Income before tax					2 219
Taxation					(515)
Income after tax					1 704
OTHER INFORMATION					
Capital additions	346	162	73	185	766
Depreciation and amortisation	(180)	(51)	(105)	(36)	(372)
Other non-cash income/(expenses)	14	145	(5)		154
Balance Sheet					
Assets					
Segment Assets	4 865	3 427	2 767	2 028	13 087
Investment in associates					191
Consolidated total assets					13 278
Liabilities					
Segment liabilities	(2 320)	(1 414)	(985)	(1 657)	(6 376)

NOTES TO THE FINANCIAL STATEMENTS

5.4 YEAR ENDED 31 MARCH 2000

HISTORICAL	Beverages	Retail	Hotels	Corporate & Eliminations	Consolidated
	$m's	$m's	$m's	$m's	$m's
TURNOVER					
External sales	8 795	7 004	1 724	696	18 219
Inter-segment sales	770	60		(830)	
	9 565	7 064	1 724	(134)	18 219
RESULT					
Segment operating income	1 748	809	329	144	3 030
Non-recurring items	(166)			(20)	(186)
Finance costs					(934)
Equity accounted earnings					15
Income before tax					1 925
Taxation					(427)
Income after tax					1 498
OTHER INFORMATION					
Capital additions	419	98	484	174	1 175
Depreciation and amortisation	(172)	(36)	(116)	(4)	(328)
Other non-cash income/(expenses)	(67)		24	28	(15)
Balance Sheet					
Assets					
Segment Assets	4 112	2 390	2 888	1 128	10[illegible]
Investment in associates					181
Consolidated total assets					10 699
Liabilities					
Segment liabilities	(3 241)	(904)	(591)	(216)	(4 952)

6. OPERATING INCOME

Operating income is arrived at after charging/(crediting):-

6.1 NET OPERATING COSTS		INFLATION ADJUSTED 2001	INFLATION ADJUSTED 2000	HISTORICAL 2001	HISTORICAL 2000
		$m's	$m's	$m's	$m's
Sundry operating income		(485)	(1 183)	(54)	(429)
Changes in inventories of finished goods and work in progress		122	(33)	(388)	(216)
Raw materials and consumables used		13 816	15 431	10 350	7 444
Depreciation expense	6.2	1 443	1 676	408	365
Amortisation of goodwill	6.6	(118)	(120)	(36)	(37)
Staff costs		3 850	4 221	3 008	2 133
Excise, levies and sales tax		4 968	6 062	3 971	3 093
Other operating expenses		5 645	5 879	4 229	2 836
		29 241	31 933	21 488	15 189

NOTES TO THE FINANCIAL STATEMENTS

	INFLATION ADJUSTED		HISTORICAL	
	2001	2000	2001	2000
	$m	$m	$m	$m
6.2 DEPRECIATION OF FIXED ASSETS				
Buildings	185	372	36	59
Plant, equipment and vehicles	1 258	1 304	372	306
	1 443	1 676	408	365
6.3 INTEREST RECEIVABLE				
Long term loans	(95)	(70)	(76)	(45)
Short term loans	(176)	(109)	(140)	(70)
	(271)	(179)	(216)	(115)
6.4 EXCHANGE GAINS				
Gross Am...				

NOTES TO THE FINANCIAL STATEMENTS

	INFLATION ADJUSTED		HISTORICAL	
	2001	2000	2001	2000
	$m	$m	$m	$m
9. TAXATION				
9.1 TAXATION CHARGE				
Income tax:				
Holding company and subsidiaries				
Current - standard	430	643	430	409
- AIDS levy	12	17	12	11
Prior years	17	(2)	17	(1)
Associated companies	6	10	6	6
Non recurring items				
Holding company and subsidiaries	(15)	(42)	(15)	(27)
Associated companies		(2)		(1)
Deferred taxation	(2 029)	(2 224)		
Tax equalisation	65	47	65	30
	(1 514)	(1 553)	515	427

The estimated tax loss in group companies available to offset future taxable income in those companies amounts to approximately $964 million (2000 - $392 million).

	HISTORICAL	
	2001	2000
	%	%
9.2 RECONCILIATION OF RATE OF TAXATION		
Standard rate	30,9	3[illegible]
Adjusted for:		
Capital allowances in excess of depreciation	(10,3)	(14,2)
Net allowance on instalment debtors	(5,1)	(7,0)
Deferred expenditure on containers	0,1	4,0
Tax equalisation	2,9	1,5
Unutilised tax losses	9,9	4,1
Non-recurring items	(0,2)	0,7
Other adjustments including permanent differences	(5,0)	(3,0)
	(7,7)	(13,9)
Effective rate	23,2	22,2

10. DIVIDENDS

	2001	2000	2001	2000	2001	2000
	Cents	Cents	$m's	$m's	$m's	$m's
Interim	22,0	22,0	233	375	189	189
Final – proposed	58,0	44,0	500	591	500	379
	80,0	66,0	733	966	689	568

	INFLATION ADJUSTED		HISTORICAL	
	2001	2000	2001	2000
	$m's	$m's	$m's	$m's
11. CASH FLOW INFORMATION				
11.1 CASH GENERATED FROM TRADING				
Operating income	1 549	3 348	3 497	3 030
Monetary gain	717	616		
Non-recurring items	(198)	(80)	(108)	(111)
Depreciation	1 443	1 676	408	365
Amortisation of goodwill	(118)	(120)	(36)	(37)
Profit on sale of fixed assets	260	65	(19)	(32)
Other	(68)	144	(1)	(13)
	3 585	5 649	3 741	3 202
11.2 UTILISED TO INCREASE WORKING CAPITAL				
Increase in stocks	448	145	(1 188)	(680)
Increase in debtors and short term loans	630	645	(750)	(595)
Increase in creditors	(689)	(725)	728	564
	389	65	(1 210)	(711)
11.3 TAXATION PAID				
Liability at beginning of year	(507)	(258)	(325)	(110)
Taxation provided (see note 9)	(450)	(624)	(450)	(397)
Associated company taxation	4	14	6	5
Liability at end of year	495	507	495	325
	(458)	(361)	(274)	(177)
11.4 DIVIDENDS PAID				
By the Company :				
Shareholders for dividends at beginning of year	(591)	(855)	(379)	(364)
Current year dividends (see note 10)	(733)	(966)	(689)	(568)
Shares issued in lieu of dividends		627		314
Shareholders for dividends at end of year	500	591	500	379
	(824)	(603)	(568)	(239)
By Subsidiaries :				
Outside shareholders for dividends at beginning of year		(126)		(54)
Outside shareholders' share of dividends declared	(5)		(5)	
Shares issued in lieu of dividends		46		20
Outside shareholders for dividends at end of year	5		5	
		(80)		(34)
Total dividends paid	(824)	(683)	(568)	(273)
11.5 INCREASE IN SHAREHOLDER FUNDING				
Proceeds of shares issued:				
By the Company	8	8	8	5
By subsidiaries to outside shareholders		14		7
	8	22	8	12

	INFLATION ADJUSTED		HISTORICAL	
	2001 $m's	2000 $m's	2001 $m's	2000 $m's
12. SHARE CAPITAL				
12.1 AUTHORISED				
1 100 000 000 ordinary shares of 5 cents each (2000 – 900 000 000)	55	45	55	[illegible]
12.2 ISSUED AND FULLY PAID				
Cost	43	43	43	43
Arising on inflation adjustment	2 874	2 874		
	2 917	2 917	43	43

Comprising 862 050 061 (2000 -860 349 421) ordinary shares of 5 cents each

12.3 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 $12 million has been placed at the disposal of the directors for an indefinite period.

12.4 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 2001.

Date of grant	Subscription price (Dollars)	Number of shares
29 July 1994	$3,87	2 519 550
27 November 1995	$5,00	1 821 [illegible]
16 October 1998	$7,80	4 595 0[illegible]
3 August 1999	$11,20	11 750 600
18 May 2000	$7,10	844 620
19 December 2000	$12,90	88 140
1 March 2001	$16,00	100 000
		21 718 910
Movements for the year:		
At 31 March 2000		23 121 090
New options granted		1 032 760
Options exercised		(1 700 640)
Options forfeited		(734 300)
At 31 March 2001		21 718 910

12.5 DIRECTORS' SHAREHOLDINGS

At 31 March 2001, the Directors held directly and indirectly the following number of shares in the Company :

	2001	2000
J. Koumides	300 868	300 868
S. J. Hammond	8 181	
G.D. Hollick	1 200	
J. S. Mutizwa	10 000	100 000
J.P.Rooney	435 277	435 785
T.N.Sibanda		2 042
J.E. Smith	20 000	
W.H. Turpin	3 218	3 218
V. W. Zireva	7 198	7 198
	785 942	849 111

No changes in Directors' shareholdings have occurred between the financial year end and 18 May 2001

NOTES TO THE FINANCIAL STATEMENTS

	INFLATION ADJUSTED		HISTORICAL	
	2001	2000	2001	2000
	$m's	$m's	$m's	$m's
13. SHARE PREMIUM				
At beginning of year	5 147	4 515	1 044	726
Arising on issue of shares	8	632	8	318
At end of year	5 155	5 147	1 052	1 044
14. NON-DISTRIBUTABLE RESERVES				
Comprising donated assets received				
At beginning of year			31	25
Assets received			10	8
Transfer to distributable reserves			(4)	(2)
At end of year			37	31
15. DISTRIBUTABLE RESERVES				
At beginning of year	6 784	8 427	3 144	2 429
Indexing of deferred taxation	(1 156)	(1 297)		
Retained earnings for the year	1 300	(345)	992	714
Transfer from non-distributable reserves			4	2
Foreign currency translation reserve		(1)		(1)
At end of year	6 928	6 784	4 140	3 144
Retained in:				
Holding company	(625)	(795)	2 063	929
Subsidiaries and arising on consolidation	7 553	7 495	2 071	2 189
Associated companies		84	6	26
	6 928	6 784	4 140	3 144

NOTES TO THE FINANCIAL STATEMENTS

	INFLATION ADJUSTED		HISTORICAL	
	2001	2000	2001	2000
	$m's	$m's	$m's	$m's
16. INTEREST BEARING DEBT				
Long term financing				
Unsecured				
Long term loans	8	765	8	[illegible]
Rate of Interest %17,1 – 43,5				
Repayment period-2002/2003				
Other	24	12	24	8
Rate of Interest %0 – 25,0				
Repayment period -Indefinite				
Total long term financing	32	777	32	499
Less short term portion of long term financing	(4)	(12)	(4)	(8)
	28	765	28	491
Short term borrowings				
Overdraft	538	5	538	3
Short term loans	1 878	2 314	1 878	1 485
Short term portion of long term financing	4	12	4	8
Total short term borrowings	2 420	2 331	2 420	1 496
Total interest bearing debt	2 448	3 096	2 448	1 987

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 $ 5,8 billion.

Long term financing and short term borrowings include foreign loans amounting to $407,5 million (2000 - $536,6 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 :

	INFLATION ADJUSTED		HISTORICAL	
	2001	2000	2001	2000
	Z$m's	Z$m's	Z$m's	Z$m's
UNSECURED				
Sterling (GBP)		3		2
United States Dollars (USD)				
Interest rate % - 6,32				
Amount:US$4,57m	289	607	289	390
Japanese Yen (JPY)				
Interest rate % - 1,73				
Amount:¥333,6m	119	226	119	145
	408	836	408	537

The outstanding balances are repayable within twelve months.

Local short term borrowings of $788 million bear interest in accordance with ruling short term money market rates. All foreign and other local borrowings are subject to fixed interest rates.

NOTES TO THE FINANCIAL STATEMENTS

	INFLATION ADJUSTED		HISTORICAL	
	2001	2000	2001	2000
	$m's	$m's	$m's	$m's
17. PROPERTIES, PLANT, EQUIPMENT AND VEHICLES				
FREEHOLD PROPERTIES				
Cost	12 141	12 057	2 004	1 963
Capital work in progress	30	69	22	37
	12 171	12 126	2 026	2 000
Depreciation	2 844	2 797	73	63
	9 327	9 329	1 953	1 937
LEASEHOLD PROPERTIES				
Cost	1 387	1 608	356	365
Capital work in progress	14	17	14	11
	1 401	1 625	370	376
Depreciation	995	1 005	173	158
	406	620	197	218
PLANT AND EQUIPMENT				
Cost	17 209	16 855	3 606	3 190
Capital work in progress	138	135	99	83
	17 347	16 990	3 705	3 273
Depreciation	9 302	8 358	1 013	731
	8 045	8 632	2 692	2 542
VEHICLES				
Cost	2 737	3 121	814	636
Depreciation	1 263	1 501	244	205
	1 474	1 620	570	431
Total properties, plant, equipment and vehicles	19 252	20 201	5 412	5 128
Movement in net book amount for the year :				
At beginning of the year	20 201	24 066	5 128	4 560
Capital expenditure	882	1 993	766	1 175
Disposals	(388)	(362)	(84)	(108)
Translation adjustment		(31)		(20)
Partial disposal of business interest		(84)		(54)
Impairment included in non-recurring items		(3 705)		(68)
Depreciation charged to operating income	(1 443)	(1 676)	(408)	(365)
Donated assets received			10	8
At end of the year	19 252	20 201	5 412	5 128
Capital expenditure comprised :				
Freehold properties	50	543	30	336
Leasehold properties	37	96	38	58
Plant and equipment	520	1 026	460	604
Vehicles	275	328	238	177
	882	1 993	766	1 175

NOTES TO THE FINANCIAL STATEMENTS

		INFLATION ADJUSTED		HISTORICAL	
		2001 $m's	2000 $m's	2001 $m's	2000 $m's
17.	PROPERTIES, PLANT, EQUIPMENT AND VEHICLES (CONT.)				
	Disposals comprised :				
	Freehold properties	2	9	5	12
	Leasehold properties	194	144	31	1
	Plant and equipment	37	76	26	61
	Vehicles	155	133	22	34
		388	362	84	108
	Original cost and indexed cost of fully depreciated assets still in use:				
	Freehold and leasehold properties	637	378	79	47
	Plant and equipment	2 796	1 638	116	74
	Vehicles	436	463	40	35
		3 869	2 479	235	156
	Net book amount of assets temporarily idle:				
	Plant and equipment	50	15	7	12
	Net book amount of assets retired from active use and held for disposal:				
	Plant and equipment		2		1
18.	INVESTMENTS, GOODWILL AND OTHER LONG TERM ASSETS				
18.1	ASSOCIATED COMPANIES				
	Shares at cost	96	150	67	48
	Post acquisition distributable reserves		84	6	26
	Loans	118	164	118	107
		214	398	191	181
18.2	INVESTMENTS				
	Quoted shares at valuation	235	6	235	
	Unquoted shares at cost	75	76	75	54
		310	82	310	54
18.3	LOANS				
	Secured	151	220	151	141
	Unsecured	141	136	141	87
		292	356	292	228
18.4	TRADEMARKS				
	At cost	120	120	2	2

NOTES TO THE FINANCIAL STATEMENTS

		INFLATION ADJUSTED		HISTORICAL	
		2001	2000	2001	2000
		$m's	$m's	$m's	$m'
18.5	GOODWILL COST				
	At beginning of the year	(535)	(538)	(97)	(98)
	Net arising on consolidation and acquisition of subsidiaries	10	3	5	1
		(525)	(535)	(92)	(97)
	AMORTISATION				
	At beginning of the year	429	309	64	27
	Transfer to income for the year (note 6.6)	118	120	36	37
		547	429	100	64
	CARRYING AMOUNT Comprising:				
	Arising on consolidation of subsidiaries	4	(122)	6	(35)
	Arising on acquisition of business interests	18	16	2	2
		22	(106)	8	(33)
	Total investments, goodwill and other long term assets	958	850	803	432

18.6 Included in the Group's secured loans are loans of $61,2 million (2000 - $43,6 million) to Directors and Officers of the Group. These are made in terms of a Group Housing Loan Scheme and are appropriately secured. During the year $32,9 million was advanced and $15,3 million repaid.

		2001	2000	2001	2000
19.	STOCKS				
	Consumable stores	564	689	443	333
	Containers	1 560	1 872	1 023	751
	Finished products	275	371	252	201
	Merchandise	961	910	887	538
	Raw materials	1007	980	903	523
	Products in process	69	62	66	40
		4 436	4 884	3 574	2 386
20.	DEBTORS				
	Trade debtors	827	1 052	827	675
	Instalment debtors	1 780	2 100	1 780	1 348
	Prepaid expenses and other debtors	613	673	598	419
		3 220	3 825	3 205	2 442
21.	CREDITORS				
	Trade creditors	2 050	2 286	2 050	1 467
	Accruals and other creditors	1 217	1 616	1 217	1 037
	Dividends payable	2	56	2	37
		3 269	3 958	3 269	2 541
	Amounts are payable within twelve months				
22.	DIRECTORS' EMOLUMENTS				
	Paid by subsidiaries:				
	For services as directors	2	2	2	1
	For managerial services	51	74	41	37
		53	76	43	38

NOTES TO THE FINANCIAL STATEMENTS

	INFLATION ADJUSTED		HISTORICAL	
	2001	2000	2001	2000
	$m's	$m's	$m's	$m's
23. CONTINGENT LIABILITIES				
Guarantees	78	92	78	59
Deferred taxation	1 120	1 972	1 120	1 2[illegible]
	1 198	2 064	1 198	1 3[illegible]

Litigation, current or pending, is not considered likely to have a material effect on the Group.
The contingent liability for deferred tax comprises :

	2001	2000
Capital allowances in excess of depreciation	1 096	1 059
Net allowances on instalment and other debtors	355	294
Prepaid expenses	117	94
Unutilised tax losses	(283)	(69)
Amount provided in tax equalisation	(165)	(99)
	1 120	1 279

Had deferred taxation for historical purposes been fully provided in accordance with the requirements of International Accounting Standard 12, earnings attributable to shareholders would have increased by $135million (2000 decrease - $239 million) and attributable and headline earnings per share would have been 210,9 cents (2000 – 122,8cents) and 219,3 cents (2000 – 140,5 cents) respectively.

24. NET FUTURE LEASE COMMITMENTS

	2001	2000
	$m's	$m's
Lease payments:		
- Payable within one year	233	197
- Payable two to five years	613	538
- Payable thereafter	569	692
Sub-lease receipts:		
- Receivable within one year	(47)	(28)
- Receivable two to five years	(163)	(35)
- Receivable thereafter	(120)	-
	1 085	1 364

The majority of leases are in respect of retail and hotel properties and are entered into on the basis of an initial lease period of five or ten years with a renewal option for an equal period. Escalation clauses are generally fixed for the initial period only and are based on the market rate at the time of first entering the lease. On renewal, a new monthly lease level and escalation base are negotiated. Contingent rentals exist in respect of a limited number of lease contracts and are turnover related.

25. COMMITMENTS FOR CAPITAL EXPENDITURE

	2001	2000
Contracts and orders placed	67	254
Authorised by directors but not contracted	336	665
	403	919

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

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, partially insured, 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. With effect from 1 January 2000 future service for all employees forms part of the defined contribution scheme.

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 valuation which was due in the current year has been delayed in anticipation of a restructure of the Group and the Pension Fund. A valuation will be completed as at 30 September 2001.

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.

26.4 PENSION COSTS RECOGNISED AS AN EXPENSE FOR THE YEAR

	INFLATION ADJUSTED		HISTORICAL	
	2001	2000	2001	200
	$m's	$m's	$m's	$m's
Delta Pension Fund - defined benefit division		128		64
Delta Pension Fund - defined contribution division	302	193	245	97
Catering Industry Pension Fund	5	8	4	4
National Social Security Authority Scheme	23	36	19	18
	330	365	268	183

NOTES TO THE FINANCIAL STATEMENTS

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 liquidity risk as shown by its unutilised banking facilities of $2 740 million(2000 - $1 580 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 carrying amounts shown in the financial statements.

COMPANY BALANCE SHEETS

AT 31 MARCH	Notes	INFLATION ADJUSTED 2001 $m's	INFLATION ADJUSTED 2000 $m's	HISTORICAL 2001 $m's	HISTORICAL 2000 $m's
SHAREHOLDERS' FUNDS					
Share capital	12	2 917	2 917	43	43
Share premium	13	5 155	5 147	1 052	1 044
Distributable reserves		(625)	(795)	2 063	929
Proposed dividend	10	500	591	500	379
TOTAL CAPITAL EMPLOYED		7 947	7 860	3 658	2 395
LONG TERM ASSETS					
Investments in Associated Companies		33	33	1	1
Interest in Subsidiaries	A	6 064	7 295	1 807	2 053
		6 097	7 328	1 808	2 054
CURRENT ASSETS					
Short term instruments	B	1 500		1 500	
Debtors – dividends receivable		352	591	352	379
		1 852	591	1 852	379
Creditors – accruals and dividends payable		2	59	2	38
TOTAL EMPLOYMENT OF CAPITAL		7 947	7 860	3 658	2 395

NOTES TO THE COMPANY BALANCE SHEETS

A INTEREST IN SUBSIDIARIES				
Shares at cost less provisions	5 784	6 182	1 527	1 339
Indebtedness to the Company	280	1 113	280	714
	6 064	7 295	1 807	2 053

Details of all subsidiaries are provided in the Group structure included elsewhere in this report.

B SHORT TERM INSTRUMENTS				
Financial instrument with a right of offset within the Group. It bears interest at market related rates.	1 500		1 500	

SAFETY, HEALTH AND ENVIRONMENTAL POLICY

visit our website: www.delta.co.zw

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

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

Delta recognises that productivity in its businesses is directly related to the safety, health and welfare of its employees, and therefore provides medical clinics, safety and crisis committees at business units.

At Delta, we have developed and adopted social responsibility programmes that demonstrate our commitment to assisting the community that provides the market for our various businesses.

Protecting the environment and our people is an obligation - not a choice.

Consequently:

In order to fulfil this obligation Delta will :

* Conduct environmental impact assessments when establishing new facilities;
* Utilise the best available technology to limit emissions and effluents, improve land eco-efficiencies and waste recovery;
* Support research into the protection of the environment;
* Conform to prescribed and self determined environmental, health and safety standards;
* Support and promote supplies of environmental friendly products and services;
* Promote 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;
* Engage in community based projects that assist in all levels of education, develops sporting capacity and provides assistance to medical institutions;
* 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 initiatives into dreaded diseases in Africa;
* Promote environmental awareness, responsibility, and training among all employees and the public at large;
* Continuously monitor and audit the environmental status of all its operations;
* Use raw materials and resources prudently;
* Promote the recycling and reprocessing of waste materials; and
* Ensure management accountability for the fulfilment of this obligation.

Delta Corporation Limited is a member of :
Environmental Forum of Zimbabwe
World Business Council for Sustainable Development,
International Chamber of Commerce and
International Network for Environmental Management.

JP Rooney

J.P. Rooney
Group Chief Executive
30 June 2001

PORTFOLIO OF BUSINESSES

DELTA CORPORATION LIMITED

- 100% DELTA OPERATIONS (PRIVATE) LIMITED
  - 100% BEVERAGES AND DISTRIBUTION
  - 100% OK ZIMBABWE
  - 60% J PELHAM (PRIVATE) LIMITED
  - 100% AGRO INDUSTRIAL
  - 51% MEGAPAK (PRIVATE) LIMITED
  - 100% BEVCOOL (ZIMBABWE) (PRIVATE) LIMITED
  - 20% FOOD AND INDUSTRIAL PROCESSORS (PRIVATE) LIMITED
- 64,7% ZIMBABWE SUN LIMITED
- 15% AFRICAN DISTILLERS LIMITED

All group companies are incorporated in Zimbabwe.

ACTIVITIES

BEVERAGES AND DISTRIBUTION

NATIONAL BREWERIES

- *Brewing lager beer, 2 Breweries*
  - *- Castle Lager*
  - *- Golden Pilsener*
  - *- Lion Lager*
  - *- Carling Black Label*
  - *- Zambezi Export Lager*
  - *- Zambezi Lite Lager*
  - *- Zambezi Dry Lager*
  - *- Bohlinger's Lager*

CHIBUKU BREWERIES

- *Brewing sorghum beer, 16 Breweries*
  - *- Chibuku*
  - *- Rufaro*
  - *- Thabani*

UNITED BOTTLERS

- *Bottling carbonated & non-carbonated soft drinks, 2 Bottling Plants*
  - *- Coca-Cola*
  - *- Diet Coke*
  - *- Fanta*
  - *- Sparletta*
  - *- Sprite*
  - *- Schweppes*

DELTA DISTRIBUTION

- *Provision and maintenance of primary and secondary vehicles & the distribution of beverage products*
  - *- 23 Workshops,*
  - *- 8 Combined Distribution Centres*

RETAIL

OK ZIMBABWE

- *Mass merchandising*
  - *- 40 OK Stores*
  - *- 5 Bon Marché Stores*

J PELHAM (PRIVATE) LIMITED

- *Specialist furnishers*
  - *- 29 Outlets*
  - *- 1 Factory*

AGRO INDUSTRIAL

KWEKWE MALTINGS

- *Barley malting*
  - *- 1 Malting Plant*

ZIMBABWE SUN LIMITED

ZIMBABWE SUN HOTELS

- *Management of Hotels & lodges*
  - *- City and Town (5 Hotels)*
  - *- Resorts (8 Hotels and Lodges)*

ZIMBABWE SUN CASINOS

- *Casino management,*
  - *- 2 Casinos*

ZIMBABWE SUN VACATIONS

- *Timeshare resorts,*
  - *- 2 Resorts*

ASSOCIATE COMPANIES

- *Safari Lodges*
  - *- 7 Lodges*

FOOD AND INDUSTRIAL PROCESSORS (PVT) LTD

- *Food processing*
  - *- 1 Factory*

MEGAPAK (PVT) LTD

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

BEVCOOL (ZIMBABWE) (PVT) LTD

- *Manufacture of beverage coolers*
  - *- 1 Factory*

AFRICAN DISTILLERS (PVT) LTD

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

NOTICE TO MEMBERS

Notice is hereby given that the Fifty Fourth Annual General Meeting of Members of Delta Corporation Limited will be held at the Registered Office of the Company at Northridge Close, Borrowdale on Friday 27 July 2001 at 1600 hours for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Financial Statements for the year ended 31 March 2001, together with the Report of the Directors and Auditors thereon;

2. To appoint Directors.

   Mr. M.H. Simms resigned from the Board on 28 February 2001.

   Messrs G. D. Hollick, S. J. Hammond and A. C. Parker will retire at the conclusion of their interim appointments.

   Dr E.S. Mazhindu and Messrs T.N. Sibanda, J. E. Smith and V. W. Zireva retire by rotation. Being eligible they all will offer themselves for re-election.

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

SPECIAL BUSINESS

1. To review fees payable to Chairman and Directors.

BY ORDER OF THE BOARD

for D. Gaitskell

H. D. GAITSKELL
Company Secretary

Sable House
Northridge Close
Borrowdale
Harare
Zimbabwe

30 June 2001

DIRECTORATE & MANAGEMENT

Chairman:
Dr. R.M. Mupawose

Group Chief Eecutive
J.P. Rooney

EXECUTIVE DIRECTORS

J.Koumides

J.S. Mutizwa

J.E. Smith

V.W. Zireva

NON-EXECUTIVE DIRECTORS

N.J. Adami

A.J. Hermann

Dr. E.S Mazhindu

M.E. Kahari

T.N. Sibanda

A.C. Parker

W.H. Turpin

S.J. Hammond

G.D. Hollick

DIRECTORATE & MANAGEMENT

BOARD OF DIRECTORS

CHAIRMAN	
Dr. R. M. Mupawose	B.Sc.; MSc(Agron)., P.h.D ~
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.Comm; CA(Z); CA(SA); MBA
V. W. Zireva	B.Acc. (Hons); CA(Z); MBL*
NON-EXECUTIVE DIRECTORS	
N.J. Adami	B.Bus. Sc.; MBA
S. J. Hammond	B.Comm; CA(Z) ≠
A.J. Hermann	
G.D. Hollick	FCIS; FIBSA
M.E. Kahari	BA
Dr. E. S. Mazhindu	M.B; ChB(Natal)
A. C. Parker	B.Econ (Hons)
T.N. Sibanda	B.Acc; CA(Z) *
W.H. Turpin	BA; LLB *~

* Member of the Group Audit Committee

~ Member of the Remuneration Committee

≠ Alternate to G D Hollick

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
R. H. M. Maunsell	B. Bus. Sc.; CA(Z); CA(SA).	Group Treasurer
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
DIVISIONAL MANAGING DIRECTORS		
M. E. Mpofu	B.Sc(Hons)	National Breweries
Dr M. S. Mushiri	B.Sc.(Hons); M.Sc.Phd	Chibuku Breweries
S. P. Kuipa	B.Sc.Sociology (Hons)	United Bottlers
D. K. McComb	M.I.M.M. (Dip).	Delta Distribution
M. R. Makomva	B.Acc(Hons); CA(Z); MBL	Mega Industries
A. R. Katsande	B.Sc. Eco. (Hons); MBA	OK / Bon Marché
J. R. Rouse		J Pelham (Private) Limited
J.E. Smith	B.Comm; CA(Z); CA(SA); MBA	Zimbabwe Sun Limited

SHAREHOLDERS' ANALYSIS AND CALENDAR

Size of Shareholding			Number of Shareholders	%	Issued Shares	%
1	to	5,000	1 627	63,8	2 125 025	0,3
5,001	to	10,000	291	11,4	2 063 181	0,2
10,001	to	25,000	262	10,3	4 244 219	0,5
25,001	to	50,000	127	5,0	4 544 558	0,5
50,001	to	100,000	70	2,7	5 256 616	0,6
100,001	to	200,000	57	2,2	8 048 239	0,9
200,001	to	500,000	48	1,9	15 349 924	1
	Over	500,000	68	2,7	820 418 299	95,2
			2 550	100.0	862 050 061	100.0

Category	Number of Shareholders	%	Issued Shares	%
Local Companies	455	17,9	205 946 394	23,9
Foreign Companies	4	0,2	199 072 370	23,1
Pension Funds	65	2,5	141 793 569	16,4
Nominees, local	57	2,2	92 823 285	10,8
Nominees, foreign	14	0,5	44 513 305	5,2
Insurance Companies	27	1,1	154 168 910	17,9
Resident Individuals	1 592	62,4	15 755 601	1,8
Non Resident Individuals	245	9,6	3 767 605	0,4
Other Organisations	91	3,6	4 209 022	0,5
	2 550	100.0	862 050 061	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 4 439 employees who participate in the scheme.

TOP TEN SHAREHOLDERS

Shareholder	2001	%	2000	%
Old Mutual Life	135 220 186	15,7	128 221 163	14,[illegible]
Rainier Inc.	118 752 923	13,8	118 752 923	13,8
O M Portfolio Holdings Ltd	102 522 144	11,9	102 522 144	11,9
National Social Security Authority	70 043 155	8,1	68 000 693	7,9
Tigatel BV	66 681 694	7,7	66 681 694	7,7
Post Office Savings Bank	49 560 220	5,7	49 560 220	5,8
Barclays Zimbabwe Nominees P/L	42 892 223	5,0	53 203 767	6,2
Old Mutual Zimbabwe Ltd	30 824 875	3,6	28 920 032	3,4
Stanbic Nominees P/L NNR	19 523 167	2,3	27 645 814	3,2
Fed Nominees P/L	15 197 360	1,8		
First Mutual Life Assurance			20 693 393	2,4
Other	210 832 114	24,4	196 147 578	22,8
	862 050 061	100.0	860 349 421	100,0

MAJOR SHAREHOLDERS	2001	%	2000	%
Old Mutual Life	268 567 205	31,2	259 663 339	30,2
South African Breweries	199 071 513	23,1	199 071 513	23,1
	467 638 718	54,3	458 734 852	53,3

RESIDENT AND NON-RESIDENT SHAREHOLDERS				
Resident	614 696 781	71,3	558 158 540	64,9
Non-Resident	247 353 280	28,7	302 190 881	35,1
	862 050 061	100,0	860 349 421	100,0

SHAREHOLDERS' ANALYSIS AND CALENDAR

SHARE PRICE INFORMATION

Mid Range Price at:	
30 June 2000	965 cents
30 September 2000	1463 cents
31 December 2000	1262 cents
31 March 2001	1782 cents
Price Range:	
Highest: 30 January 2001	2050 cents
Lowest: 1 May 2000	600 cents

CALENDAR

Fifty Fourth Annual General Meeting	27 July 2001
Financial Year End	31 March 2002
Interim Reports:	Anticipated Dates:
6 months to 30 September 2001	November 2001
12 months to 31 March 2002 and final dividend declaration	May 2002
Dividend Payment Date – final	August 2002
Annual Report Published	July 2002

Registered Office:

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Northridge Park
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Borrowdale
Harare
Zimbabwe
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E-mail: hgaitskell@delta.co.zw

Transfer Secretaries:

Corpserve (Private) Limited
4th Floor
Intermarket Centre
Cnr. Union Ave / 1st Street
(P O Box 2208)
Harare
Zimbabwe
Telephone: 263 4 751559/61
E-mail: collen@tustserve.co.zw


DELTA CORPORATION
LIMITED
DANESDESIGN