



Strategic Intent

We will transform the Company into an integrated Total Beverage Business dominating all sectors of the cold beverage market in Zimbabwe.



Mission

To grow the value of the business in real terms on a sustainable basis. We will achieve this through offering our customers outstanding service and through rigorous attention to the health of the business at all times. By so doing we will seek to enhance the value we create for all our stakeholders.

Business Ethos

To achieve excellence and to ensure survival, growth and profitability, all employees of the Company must accept the following business ethos: • A desire to serve consumers and customers with passion. • A culture driven by the desire to improve and to excel in all we do. • A bias towards action. • A belief that the destiny of the company is in our hands.

"If it is to be, it is up to us."

Focus on improving the profitability and competitive position of our Brands





Company Profile(i)
Organisational Vision(ii)
Core Values
Financial Highlights
Chairman's Statement 4
Review of Operations
Report of the Directors
Corporate Governance at Delta
Accounting Philosophy
Directors' Responsibility for Financial Reporting
Report of the Independent Auditors and Financial Statements 31
Financial Statements
Safety, Health and Environmental Policy
Portfolio of Business
Directorate and Management 72
Notice to Members 74
Shareholders' Analysis and Calendar

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.

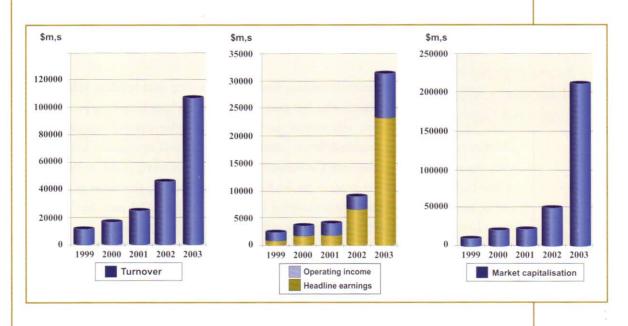
CONTINUOUS IMPROVEMENT

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.

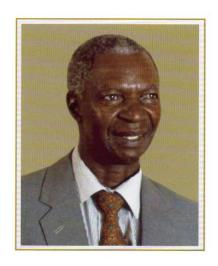
GOOD CORPORATE CITIZENSHIP

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

	2003	2002
GROUP SUMMARY (\$ MILLION)		
GROOT SOMMART (\$ MILLION)		
Turnover	103 682	43 971
Cash value added	45 459	17 947
EBITDA	33 403	9 754
Income after taxation	23 521	7 108
Attributable earnings	22 410	6 544
Headline earnings	22 569	6 446
Net cash on hand	1 573	2 484
Total assets	61 917	16 481
Market capitalisation	212 056	52 505
SHARE PERFORMANCE (CENTS)		
Earnings per share – attributable earnings basis	2 550	753
 attributable earnings basis headline earnings basis 	2 569	742
 cash equivalent earnings basis 	2 509	787
Cash flow per share	1 389	476
Dividends per share	700	320
Net asset value per share	3 009	936
Market price per share	24 000	6 000
FINANCIAL STATISTICS		
Return on equity (%)	84,3	79,9
Operating margin (operating income to net sales) %	39,5	28,0
Interest cover (times)	65,7	12,5







INTRODUCTION

In a year characterised by a marked deterioration in an already hostile and uncertain economic and socio-political environment, the process of change to a focused total beverage business, initiated last year with the demerger of non-core businesses and the

Transformation

After the demerger of the non-core businesses, the next step was to reap production efficiencies in Beverage Manufacturing and distribution efficiencies in Sales and Distribution.

beginning of structural change, has continued apace. The beverage business has been restructured dramatically to reap the benefits of operational synergies and efficiencies by placing all manufacturing operations under a single head and combining the previously disparate sales and distribution operations into one.

In manufacturing, that is the brewing and bottling side of the business, this has provided a focus on benchmarking production costs, efficiencies and quality to international standards. In

addition to combining responsibilities, combination of actual operations has started with the installation of the new Carbonated Soft Drinks bottling plant in Bulawayo at the Lager brewery. This process results in cost savings in the provision of utilities and in complement and will be completed in the coming financial year. In the short term there are opportunities for the rationalisation of Sorghum brewing.

In sales and distribution, the roll out of combined distribution centres handling all products has been extended to more locations resulting in significant efficiencies through combined warehousing and distribution of product. All beverage sales are now handled through a single sales and distribution division. Further outlets are either

under construction or planned over the next two years to ensure that the efficiencies of combined distribution are enhanced.

ENVIRONMENTAL OVERVIEW

There has been a marked deterioration in the economic and socio-political environment of the country over the past year and this deterioration accelerated sharply during the first quarter of 2003. The economy has contracted for each of the last three years. Year on year inflation has been over 100% for all of 2002 and over 200% for the first three months of 2003; this can be expected to rise steeply as artificially suppressed prices are allowed to rise and productivity losses due to fuel and power outages and national strikes take their toll. There have been serious shortages of basic goods, driven in part by the wide ranging price controls that were in place, disruptions of agricultural production and shortages of foreign currency. Interest rates have started to rise, but remain of the order of 160% negative in real terms, discouraging saving and investment and decimating the value of pensions. The shortage of foreign currency has been severe during the whole of the year due to inappropriate exchange rate policies that have curtailed export earnings. The devaluation of the official exchange rate by 93% in February 2003, whilst providing a stay of bankruptcy for some exporters, will only have a positive effect on exports if it can be seen as part of a credible policy of establishing exchange rates in line with economic fundamentals. Consumer expenditure has continued to be relatively buoyant, boosted by inflation and the low interest rates and also by the continuing flow of funds from nationals working outside the country, but will falter as inflation and unemployment take their toll.

FINANCIAL RESULTS

Comments on the financial statements are, unless otherwise stated, in respect of historical information.

The Company has continued to perform ahead of inflation through margin maintenance and tight cost control. In preparation for a difficult period ahead business processes have been streamlined and operations restructured to drive costs out of the

After adjusting for non-recurring items and for last year's demergers, headline earnings per share rose 291%.

system and to ensure that the business is right sized for the level of activity. Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 242%. Head-line earnings rose by 250% on prior year. This is above the rate of inflation and reflects the tight control over overheads and the savings on interest. Some distortions remain in the figures reported when making comparisons between periods as a result of the demergers

that took place in the previous year. Headline earnings from core businesses grew by 291% over prior year and EBITDA grew by 294%, generally well ahead of inflation for the period.

Given the environment of supplier failure, power cuts, fuel shortages and price controls over carbonated soft drink products for the second half of the year, the results for the year are most satisfactory. Soft drink products have been affected

Adding shareholder value

Total shareholder return, a measure of capital appreciation and dividends received is 308% for the year, largely as a result of the increase in the share price. particularly by shortages of sugar, power outages and price controls, with the result that the market has been severely undersupplied and, in the last quarter, these products did not make a contribution to profits.

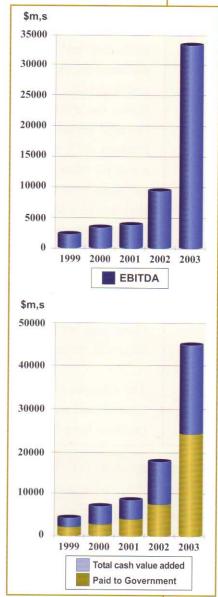
The major contribution to the fiscus continues with over \$22,5 billion being paid to the Government in income, sales and excise taxes.

Financing costs amounted to \$310 million, less than half of last year's figure, reflecting positive net cash balances for much of the year. Interest cover at 65 times is well above the preferred internal threshold of six times.

This year has seen a sixfold increase in equity accounted earnings. These come primarily from African Distillers Limited, and reflect both the increase in shareholding from 15% to 30% in January 2002 and the stronger results of that company.

The Directors are of the opinion that the view forward is characterised by such uncertainty that it is important that the Company retains a greater than usual proportion of funds to allow for strategic stock holding to protect against severe disruption of supplies and to enable accelerated capital expenditure where this becomes necessary. Accordingly, dividend cover has been increased from 2,4 times to 3,6 times, placing additional resources at the disposal of the directors to deal with pressing strategic fixed asset and working capital requirements.

The target for Total Shareholder Return, a measure of capital appreciation and dividends received compared to the initial value of the share at the beginning of the period is for a long-term return of 5% real growth. In view of the volatility of the share market in the short term, 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 2003, taking to account the movement of the share price and the value of cash dividends paid during the year was 308%. This is ahead of both inflation and target.

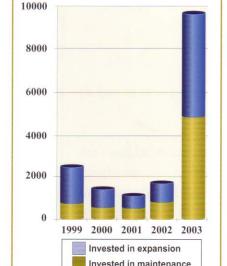


INVESTMENT AND FUNDING

The Company experienced a net outflow of funds during the year of approximately \$1 billion. This is as a result of the holding of strategic stocks in a number of commodities where it has been difficult to ensure satisfactory assurance of supply.

Shortly before the year end 16 000 tonnes of barley was imported to supplement locally available supplies and to ensure that export markets would continue to be serviced. This barley has been financed using foreign currency debt that will be settled from part of the resultant barley malt export proceeds. Stocks on hand have increased by almost 500%, well ahead of inflation and in accordance with strategic stockholding decisions.

Capital expenditure during the year amounted to almost \$9 billion. \$4,9 billion was spent on maintaining operations, and \$4,1 billion on expansion and upgrading of the asset base. The lion's share of the expenditure was concentrated in just a few areas; \$1,2 billion on a substantially more powerful business information system, \$2,4



\$m,s

billion on a replacement carbonated soft drink bottling line installed in Bulawayo at what was previously exclusively a lager brewing facility, \$900 million on replacement commercial vehicles in-cluding forklifts and \$630 million in respect of an air compressor to assure continuity of production at the Ruwa plastics business.

INTERNATIONAL FINANCIAL REPORTING **STANDARDS**

The Company makes every effort to comply with, and even to anticipate, where appropriate, the requirements of the International Accounting Standards Board. As has been reported previously, the Company does not comply with the requirement to provide for the full nominal value of deferred tax on historical accounting temporary differences. This is because the prohibition of discounting of this liability contained in the standard is not considered to result in a true and fair disclosure. Instead a tax equalisation account is used and 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 financial reporting standard changes which are anticipated as a result of changing attitudes on

this issue internationally, the stance taken 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 24 to the financial statements. Also disclosed is a contingent liability for \$2,1 billion; whilst this is a large amount, under present levels of inflation and current taxation legislation, this contingency is extremely remote.

HYPERINFLATION FINANCIAL REPORTING

In conformity with the requirements of International Financial Reporting Standard 29, inflation adjusted financial statements have been produced and have been reported upon by our auditors. These are based on the historical data that has been adapted in accordance with the financial reporting standard to take account of the effects of inflation. The majority of comment contained within this annual report relates to the historical information as this is the area where most users of the financial statements direct their attention. Management does not use the hyperinflation accounts as a business tool, however, budgets and targets are based on real returns and are modified to take account of the known or anticipated effects of inflation in each budget period. 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.

DIRECTORATE

Norman Adami resigned from the board on 14 February 2003, upon his appointment as President and Chief Executive Officer of Miller Brewing Company in the United States. His guidance and advice over the years as a representative of SAB Miller will be greatly missed. With effect from the same date, Gerry van den Houten was appointed as a non-executive director.

On 16 May 2003 John Koumides resigned from the board ahead of his departure from the Company at the end of June 2003. My colleagues on the Board wish to thank him for his enormous contribution over the nine years he has been part of the senior management team of the Company as Group Treasurer, Finance Director and Executive Director Operations.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

The Company 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 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 Company. An appropriate risk analysis framework is used to identify the major risks which the Company must manage in serving its stakeholders. In view of the turmoil in the current environment, each part of the business has developed detailed contingency action plans to minimise the lead-time necessary to adapt to changes in circumstances. These plans are updated for every change that is noted or anticipated. This has proved extremely useful over the last year.

The management of risk and loss control is decentralised, but compliance with Company policies on risk, the process is reviewed centrally on a quarterly basis and is supervised by the Audit Committee.

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. All businesses in the Company continue to strive for excellence in Environmental Management through adherence to international standards and environmental impact assessments are required as part of all capital expenditure projects. Schools have been challenged on care of the environment through competitions for both primary and secondary schools run at district and national levels to increase awareness.

Medical clinics, which are attached to most Company 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.

Delta has supported HIV/AIDS research for a number of years. In respect of this a comprehensive "staff wellness programme" has been adopted which embraces the provision of access to anti-retroviral therapy to all the Company's permanent staff and their families. The primary objective of this programme is to reduce the impact of HIV/AIDS on staff and their families through improved support. It is intended that access to anti-retroviral drugs will commence in the second quarter of the current financial year.

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

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

The established Schools Assistance Programme continued this year with further classroom blocks being constructed at underdeveloped schools countrywide at a cost of almost \$15 million. Further on the education side the Company supported 40 'A' level students coming from economically disadvantaged backgrounds but having high academic potential.

Sponsorships of Arts and Culture was increased significantly with spending of over \$20 million. This was done in conjunction with the National Arts Council of Zimbabwe with the dual objectives of assisting this industry to grow in economic significance and to assist in the building of a national sense of cultural identity and pride. Highlights include National Arts Merit Award, Jikinya, which is a traditional dance competition aimed at primary school children, Chibuku Road to Fame, a competition identifying talent amongst young musicians, Neshamwari Dance Festival, an adult traditional dance competition and the Harare International Festival of the Arts (HIFA).

Our long-standing relationship with Zimbabwean sport reached new heights with the successful sponsorship of soccer, cricket, tennis, fishing, horse racing, athletics, basketball and rugby amongst other sporting activities.

As the Company considers the matters of safety, health 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

Generally positive industrial relations were enjoyed throughout the businesses in spite of the extremely difficult environment our employees face. The restructuring and integration process was complex and provided a number of challenges for the human resources practitioners involved. I am pleased to say that this has been substantially completed with a minimum level of disruption to the business and to our employees. This has resulted in further productivity gains and in overhead savings. Skills losses, particularly in the technical areas, remain a cause for concern.

The thrust to improve capacity for productivity improvement through training and development on a sustainable basis has continued. The major thrust at Mandel Training Centre was information technology training in support of the implementation of the newly introduced enterprise resource programme to which 1 184 training days were devoted. 131 participants attended leadership development programmes. The Company's computer literacy initiative continues with 839 participant training days-achieved in on-line ICDL training. The Delta Engineering Training Centre continued its focus on "top up" technical training for engineers, artisans and operatives as well as trades training for apprentices. The Centre had a peak complement of 247 apprentices. In line with its expanded brief, the Centre had 15 technical trainees in brewing and packaging.

Company drivers participated in a total of 1 105 courses run by the Delta Driver Training Centre as part of the Centre's thrust to contribute towards the reduction of traffic accidents, improve vehicle operating standards and reduce associated costs.

FUTURE PROSPECTS

The Gross Domestic Product of the country has fallen for the last three years, contracting by over a quarter. It is expected to fall further over the next year. Under-expenditure on infrastructure over more than a decade has taken its toll and the damage is starting to be seen in roads, rail, telecommunications and electricity. The country no longer earns sufficient foreign currency to service its needs; there is no current prospect of a lasting solution to the fuel and electricity crisis. Economic deterioration will be severe unless the first faltering steps of policy change embodied in the recent currency devaluation, fuel price increases and removal of price controls grow into major changes that will bring back economic support from outside agencies. It would take some time for the positive effects of a policy change to come through

and the transition period will be painful with high inflation, falling employment and reduced domestic demand.

The year ahead will be difficult. Inflation will continue to fuel consumptive buying as will remittances into the country, but this will not be able to counteract the now severe economic contraction. In anticipation of a difficult transition period characterised by a fall in demand and production constraints, your Company has been rationalising operations with a view to ensuring that overheads and working capital are in line with the reduced level of operations. The recent removal of price controls over carbonated soft drinks will facilitate the maintenance of margins that had been so badly affected on these products. Capital expenditure will be constrained and will be used to minimise the impact of some of the infrastructural failure which is affecting production. This will include investment in power generation plants to maintain continuity of operations in essential activities. The Company is well placed to weather the storm, and is in a position to take advantage of any recovery, but the emphasis over the next year will be on survival and in maintaining historic earnings ahead of inflation.

APPRECIATION

The results for the past year are remarkable in the light of the economic environment and, as Chairman, I wish to thank all employees for the effort they made and the difficulties they overcame to achieve this outcome. Adaptability to a changing and uncertain environment has been and will continue to be an essential attribute if the Company is to achieve results that continue to remain ahead of economic indicators. Further, I thank my fellow directors for the support I have received from them and the contribution that they have made to the business.

DR. Robbie M. Mupawose

CHAIRMAN

Supanore

16 May 2003









a label for every occasion

Lager Beer Business

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

Traditional Beer Business

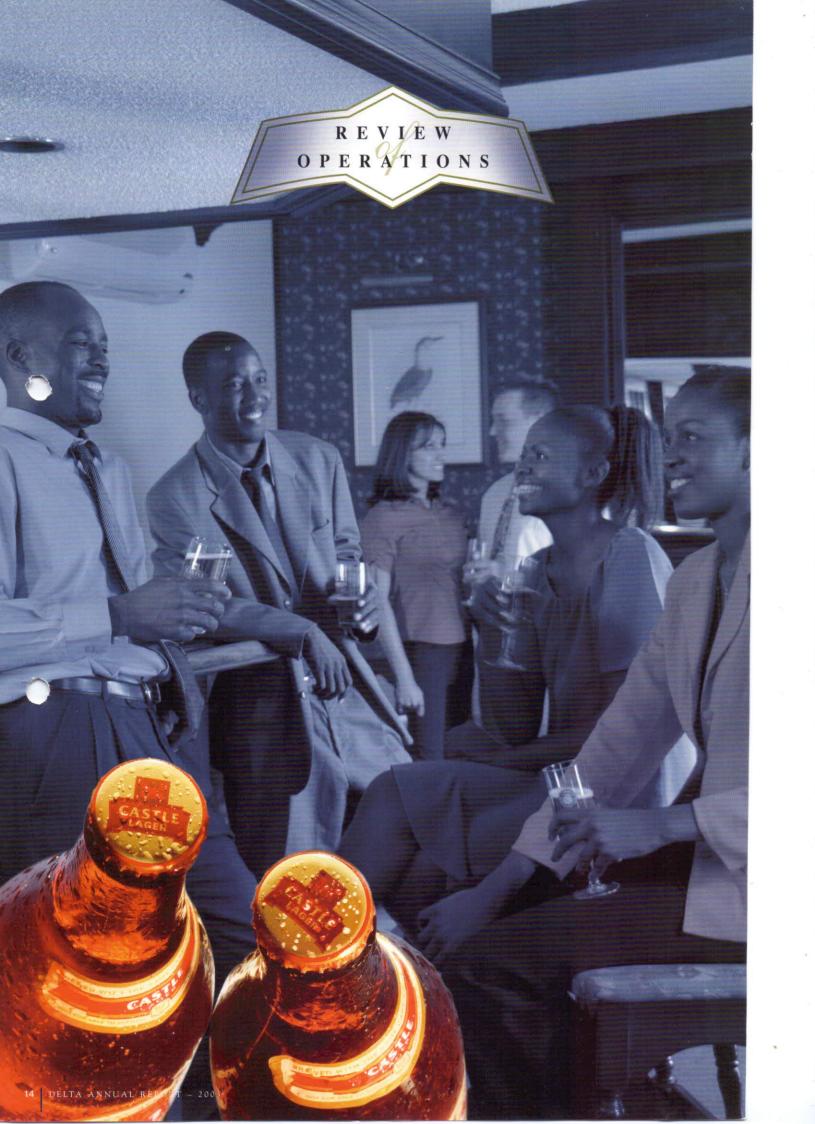
Chibuku and Rufaro

Soft Drinks Business

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







LAGER BEER

Lager beer volumes, at 1,37 million hectolitres were marginally lower than those of the prior year. In the domestic market volumes were at the same level as last year; the peak period of November and December 2002 was somewhat ahead of the prior year, and there was a slight drop in volumes in the last quarter. The export market did not perform well due to a number of problems encountered with agents acting for the Company in some export destinations. As a result lager beer export value amounted to only Z\$179 million for the year. There was some improvement in exports in the last quarter, but further action is needed to ensure maximum value is obtained from the available market.

Excise for the year amounted to \$16 billion, compared to \$4,3 billion last year.

750 ml – "The Value Pack"

The 750ml bottle which was reported as having grown to 7% of the lager market by the end of last year having been positioned as a 'value for money' package, had risen to just short of 35% of the market by the last quarter of the year.

Particular emphasis was placed on overhead controls over the year; this was done through ensuring correct manning levels for the current levels of production, benchmarking efficiencies against other breweries and synergies gained from a limited combination of production operations with carbonated soft drinks. Margins were maintained during the year through regular price adjustments and overheads were controlled to come in below inflation; as a result operating profit grew ahead of inflation.

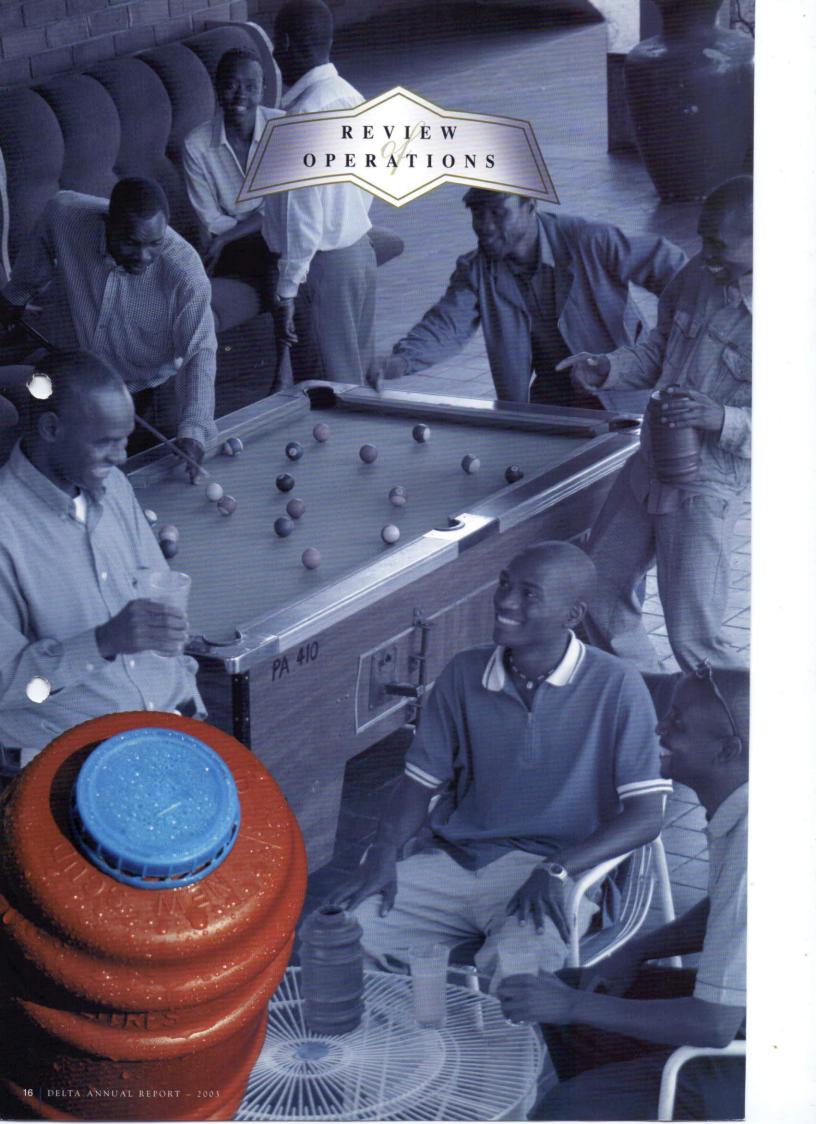
The brand mix has stayed fairly constant over the year. Lion Lager remains the leading brand with a slight increase in market share to 42%. The growth of the 750 ml bottle as a value pack has meant that there has been some loss of market share by those brands not available in this pack size.

Capital expenditure came to \$470 million for replacement vehicles and plant and \$137 million on new projects mainly associated with product quality improvements. There has been an improvement in beer quality scores as measured both internally and by external panels. Attention to quality and consistency is vital to brand loyalty and this is an area of focus for the year ahead. As anticipated a year ago, \$931 million was spent on new containers to support, in particular, the 750ml value pack.

The lager beer business 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. Castle Lager continues its strong association with soccer that dates back to 1962 when the first Castle Cup final was played. This season saw Castle Lager investing \$35 million in soccer sponsorship. The Castle Tankard, Africa's oldest sponsored horse race, continues to be Zimbabwe's premier horse racing event, attracting the finest field in the nation. Zambezi Lite was pleased to sponsor the 2003 Zambezi Lite Ironwill Eco-Challenge, a multidisciplinary event which combines mountain climbing, cycling and canoeing. This event raised \$15 million for charity.

The restructuring of the business will allow for increased management focus over the year ahead on improvement in operational efficiencies to control both production and overhead costs. The export market will be actively pursued and consideration will be given to new packs or new products in order to increase volumes in what is expected to be a difficult market.





TRADITIONAL BEER

Chibuku volumes ended the year 11% down on last year at 3,8 million hectolitres. The high cost of imported maize has meant that the weighted average cost in inputs has increased by almost 400%. This has lead to price increases of 365%, well ahead of inflation, and has resulted in volumes coming off and some loss of margin. Packaged beer continues to grow market share at the expense of draught beer and now makes up 83% of sales by volume, an increase of 3% on last year.

Crop Input Scheme

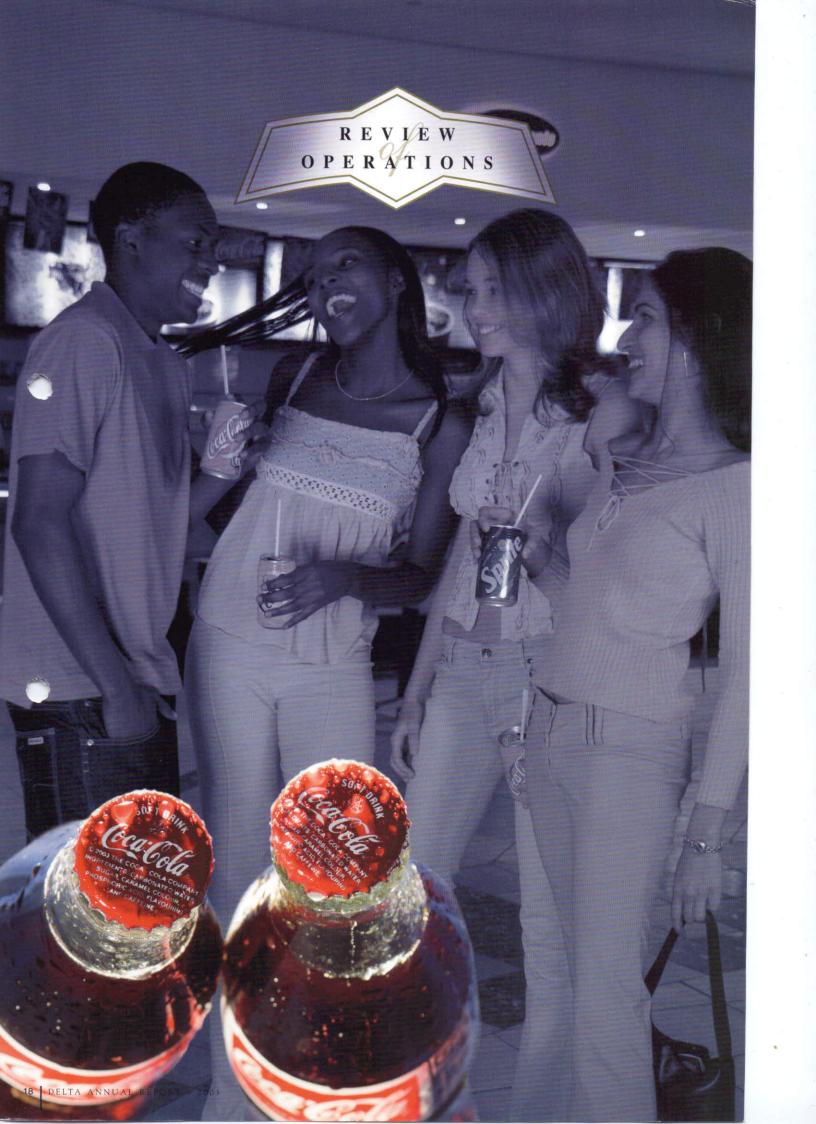
The long-standing sorghum growers' input scheme was extended to maize during the year to improve availability of raw materials for production.

In spite of the volume and margin loss, tight control of overheads to a level below inflation has meant that this business has again produced operating results ahead of inflation.

The Chibuku brand has a long history of involvement in arts and culture. Its sponsorship of the Neshamwari Traditional Dance Festival and the Chibuku Road to Fame competition continued this year. The latter competition seeks to spot, un-

earth and showcase musical talent in Zimbabwe. It has assisted young and upcoming musicians to record their works. The Chibuku/Danhiko Paralympic Games have helped to reinforce the message "disability is not inability".

During the year, particular emphasis was placed on ensuring continuity of supply of essential bulk ingredients such as maize and sorghum. Thus, in spite of the severe shortages in the country, particularly of maize, there were no significant disruptions of operations due to insufficient raw materials during the year. The sorghum beer business has, for many years, provided inputs and incentives to farmers to produce sorghum on its behalf. During the last year this was extended to maize production. It is anticipated that all sorghum needs will be supplied from this scheme together with approximately 24 000 tonnes of maize.



CARBONATED SOFT DRINKS

This has been a difficult year for the Carbonated Soft Drink business. Volumes ended the year 16% down on last year at 1,6 million hectolitres. The market was undersupplied due to production constraints which saw production lines close as a result of sugar shortages and, in the latter part of the year, electricity load shedding. These products were subject to price control. This made it impossible to pass significant cost increases on to the consumer and resulted in minimal profitability for these products. At the same time, the fact that these products were, based on the market rate of

Combining Operations

The new soft drink bottling line was installed in Bulawayo at the same site as the Lager brewery.

It is now fully operational.

exchange, by far the cheapest in the region and the world had the effect of greatly increasing informal sales across the borders with a resultant loss of containers.

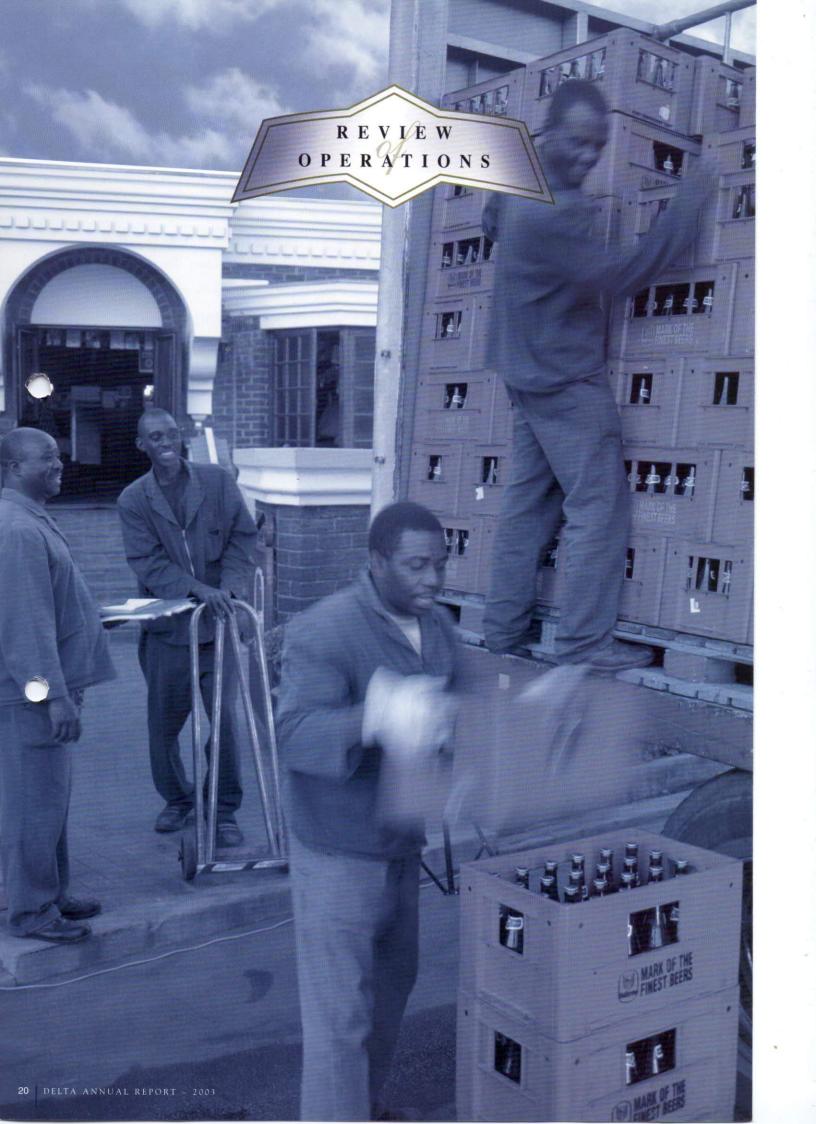
Action was taken to ensure that costs remained in line with actual volume levels and as a result overheads increased considerably less than inflation.

sports development together with Coca-Cola Central Africa. The Coca-Cola Secondary Schools Soccer Programme involves over 1500 schools throughout the country participating at zonal, provincial and national level. A select team from the tournament participated in the Regional Tournament held in Zambia. Delta Beverages is the largest basketball sponsor in Zimbabwe through the Sprite Basketball Tournament and is a major sponsor of the

The Delta Beverages Soft Drinks business is proud of its longstanding association with

At a cost of over \$2,4 billion the new bottling line in Bulawayo represents the Company's biggest single capital project during the year. This was installed at the lager brewery site and, together with the \$300 million spent on adapting the canning plant at the Harare lager brewery to be able to handle carbonated soft drinks as well as lager, represents a major step towards combined production facilities. The integration of production facilities for lager and carbonated soft drinks will be completed in the second quarter of the current financial year.

popular Prince Edwards Schools Athletics events.



TRANSPORT AND DISTRIBUTION

The Transport and Distribution business performed extremely well, ensuring that there were no delivery failures as a result of the severe fuel shortages in the country at certain times.

The roll out of combined distribution centres continued aggressively and by the end of the year an additional 9 centres were in operation, bringing the total to 19. The

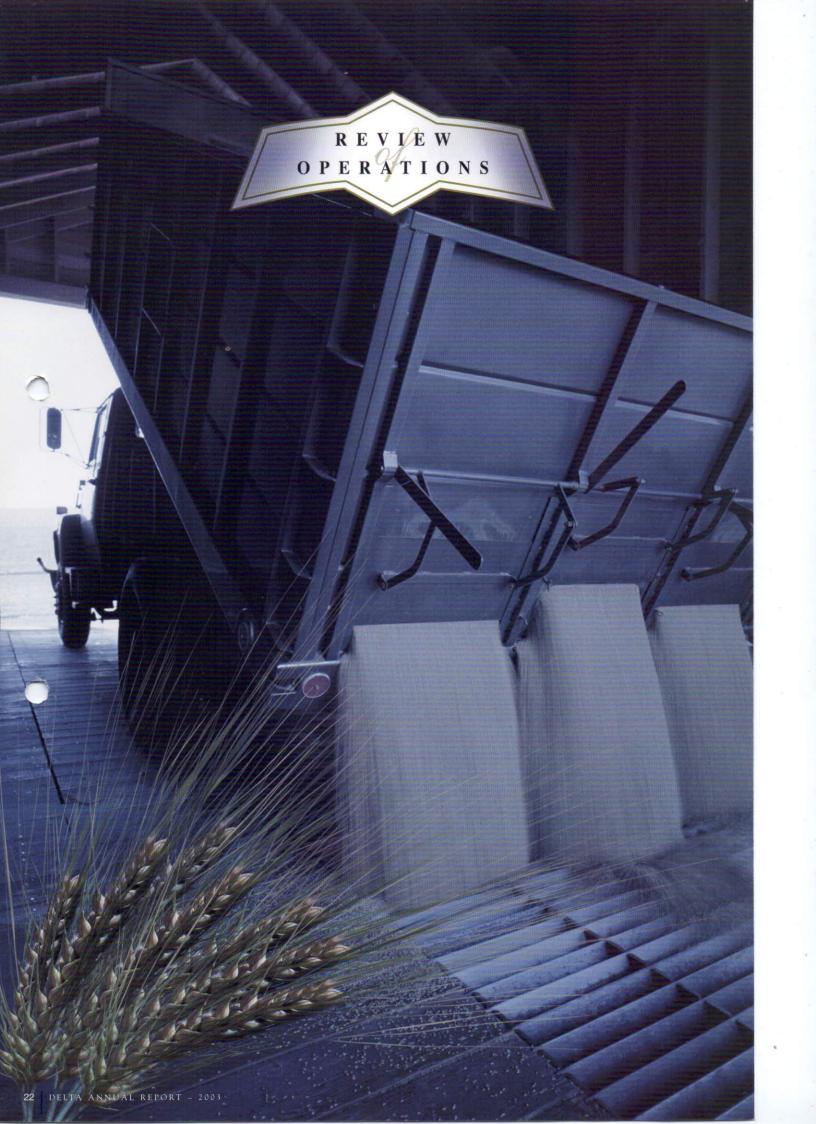
Fork-lift Management

This year Transport Services took over the running of all fork-lifts within the company. This has allowed standardisation, efficiency in maintenance and spares and optimisation of usage.

majority of additional sites were the result of conversion of depots previously run by the legacy operations. Considerable synergies in both handling and transport have been realised in combining distribution under one roof. Unfortunately building material supply problems delayed the completion of the new Marondera centre and the flagship Willowvale unit.

In order to maintain a reasonable fleet age profile and to bring increased standardisation of the forklift fleet for which this division took full responsibility during the year, \$600 million was spent on 10 prime movers, 35 trailers and 17 forklifts. The

highly successful truck rebuild programme was continued with a total of \$81 million being spent on this project to rebuild 30 vehicles.



MALTINGS BUSINESS

Volumes of malt sold have decreased slightly in the local market and by 25% in the export market. The latter was disappointing and as a result export volumes were lower than domestic sales. In response to quality issues raised by customers during the latter part of

Sales Volumes

18,000 tonnes sold in the local market and 15,300 tonnes exported at a value of almost \$5 billion.

the previous financial year, testing and measuring equipment was installed and consultants were engaged to assist in a quality improvement programme. We are pleased to report that recent customer evaluations are much more favourable.

Barley supplies from the 2002 winter season were 32 000 tonnes. This was lower than the level needed for the coming year and as

a result approximately 16 000 tonnes were imported to make up the shortfall. Whilst there remain concerns about the level of total winter irrigation available, initial indications are positive for a reasonable barley crop in 2003.

Capital expenditure for the year ahead consists mainly of equipment to improve malt quality. The budget is \$400 million.

MEGAPAK ZIMBABWE

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

Volumes for the year are in line with the prior year at slightly over 4 000 tonnes converted. Turnover rose ahead of inflation to \$6,7 billion. Megatank volumes showed a strong increase towards the end of the year reflecting problems in the country with fuel and water supplies. Injection moulded volumes are well ahead of last year, but the PET business is well below prior year volumes due to the impact of price controls on volumes of the main users, the edible oil industry and carbonated soft drinks. This has started to pick up strongly since the lifting of price controls, and machines are now running to capacity. Blow moulded volumes have fallen off slightly due to the impact of price controls on customers.

The expansion of capacity last year was consolidated this year by the purchase of additional compressor capacity at a cost of some \$630 million. This, and the acquisition of an additional crate mould, made up the bulk of the current year's capital expenditure.

The Directors present their Fifty Sixth Annual Report and the Audited Financial Statements of the Group for the year ended 31 March 2003.

YEAR'S RESULTS

		\$m's	\$m's
Earnings attributable to shareholders			22 410
Less: Dividend	s		
Interim:	200 cents per share paid January 2003	(1 759)	
Final:	500 cents per share payable July 2003	(4 418)	
Total:	700 cents per share (2002 – 320 cents)		(6 177)
		-	
Add: Distributable reserves at beginning of year		4 594	
Transfer f	rom non-distributable reserves		3
Distributa	able reserves at end of year		20 830

FIXED ASSETS

Capital expenditure for the year to 31 March 2003 totalled \$8,9 billion. The capital expenditure for the year to 31 March 2004 is planned at \$12,4 billion, of which \$1,4 billion has been committed.

INVESTMENTS

African Distillers Limited

The Company's effective shareholding reduced marginally from 29,8% to 29,5% due to the dilution from share options being taken up.

SHARE CAPITAL

The authorised share capital of the Company remains unchanged at 1 100 000 000 ordinary shares of 5 cents each. The issued share capital has increased by the allotment of 8 491 398 ordinary shares in accordance with the share option scheme. The issued share capital therefore is \$44 178 000 with share premium of \$1 263 552 000. The number of shares currently under option is 23 586 810.

RESERVES

The movements in the Reserves of the Company are shown in the Income Statement and in the Notes to the Financial Statements.

DIRECTORS

Mr N.J. Adami resigned from the board on 14 February, 2003. Simultaneously Mr G.J. van den Houten was appointed in his stead.

Mr J. Koumides resigned from the board on 16 May 2003.

Dr R.M. Mupawose and Mr M.E. Kahari retire by rotation and Mr G.J. van den Houten retires at the conclusion of his interim appointment. All being eligible they will offer themselves for re-election at the Annual General Meeting.

AUDITORS

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

ANNUAL GENERAL MEETING

The Fifty Sixth Annual General Meeting of the Company will be held at 12:00 hours on Friday 25 July 2003 at the Registered Office of the Company.

BY ORDER OF THE BOARD

DR. R.M. MUPAWOSE

Chairman

J.S. MUTIZWA

Chief Executive

H.D. GAITSKELL

Company Secretary

16 May 2003

THE DELTA CODE

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

STAKEHOLDERS

For many years Delta has formalised its stakeholder philosophy and introduced structures of corporate governance to manage the interface with the various stakeholder groups. Delta has in place throughout the Company, 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 Board of Directors of Delta is constituted with an equitable ratio of executive to non-executive directors and meet at least quarterly. A non-executive director chairs the Delta Board.

DIRECTORS' INTERESTS

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

THE AUDIT COMMITTEE

The Audit Committee of the Board deals, inter alia, with compliance, 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 Chief Executive Officer 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, financial reporting and risk management matters. The external auditors have unrestricted access to the Audit Committee.

THE REMUNERATION COMMITTEE

Delta's Remuneration Committee is constituted and chaired by non-executive directors, save for the membership of the Chief Executive Officer. 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.

The Company 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 Company.

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 Board and The International Federation of Accountants.

The Company 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 Company 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 Company is willing to challenge the validity of such adoption. It is in this regard that the Company 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 Financial Reporting Standard 12. The Company 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. This is a view that is supported by developments in other countries and the initial findings of a working party of the International Accounting Standards Board on discounting. 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 value of any deferred tax liability. The Company 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.

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 Financial Reporting 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 28.

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 March 2004. 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 Company's external auditors, Deloitte & Touche, have audited the financial statements and their report appears on page 31.

The Board recognises and acknowledges its responsibility for the system of internal financial control. Delta's policy on business conduct, which covers ethical behaviour, compliance with legislation and sound accounting practice, underpins the Company'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 senior executive responsible for each major entity and a comprehensive program of internal audits. In addition, the Company'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 Company's Audit Committee has met with the external auditors to discuss their report 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 2003, which appear on pages 32 to 68 were approved by the Board of Directors on 16 May 2003 and are signed on its behalf by:

Dr R.M. MUPAWOSE Chairman

I.S. MUTIZWA **Executive Director**



REPORT OF THE INDEPENDENT AUDITORS

To the members of Delta Corporation Limited

We have audited the financial statements set out on pages 32 to 68. The financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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

The financial statements do not comply with the requirements of International Financial Reporting Standard 12 as regards the provision for deferred tax on all temporary differences. Details of the financial effect of non compliance are given in note 24.

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 Financial Reporting 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 2003 and of the results of the operations and group cash flows for the financial year ended on that date.

Deloitte & Touche

Deloitte & Touche

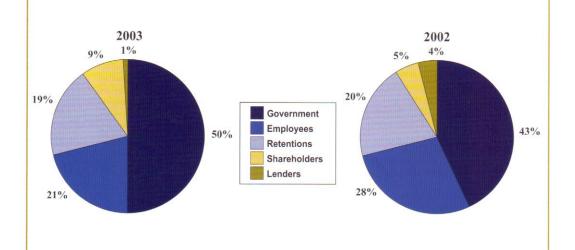
Chartered Accountants (Zimbabwe) Harare, Zimbabwe.

16 May 2003

FOR THE YEARS ENDED 31 MARCH						
		INFLATION ADJUSTED		HISTORICAL		
No	tes	2003	2002	2003	2002	
		\$m's	\$m's	\$m's	\$m's	
TURNOVER 5	5	171 675	202 727	103 682	43 971	
NET OPERATING COSTS 7.	1	(145 795)	(182 257)	(72 159)	(34 329)	
OPERATING INCOME		25 880	20 470	31 523	9 642	
Non-recurring items 8	3	(480)	89	(231)	133	
Financing costs)	(632)	(4 166)	(310)	(793)	
Fair value adjustments			1 237		40	
Monetary gain		3 871	2 273			
Equity accounted earnings		1 280	416	1 304	217	
		29 919	20 319	32 286	9 239	
Taxation 10	0	(4 752)	(2 230)	(8 765)	(2 131)	
INCOME AFTER TAXATION		25 167	18 089	23 521	7 108	
Attributable to outside shareholders		(1 028)	748	(1 111)	(564)	
EARNINGS ATTRIBUTABLE						
TO SHAREHOLDERS		24 139	18 837	22 410	6 544	
Dividends 1	1	(7 812)	(9 801)	(6 177)	(2 799)	
Retained earnings for the year 10	6	16 327	9 036	16 233	3 745	
Retained earnings for the year						
attributable to:						
Company		647	9 020		3 500	
Subsidiaries and arising						
on consolidation		15 000	(624)	15 478	75	
Associated companies		680	640	755	170	
		16 327	9 036	16 233	3 745	
EARNINGS PER SHARE (CENTS)						
– attributable earnings basis 2.		2 747,1	2 166,7	2 550,4	752,8	
headline earnings basis2.		2 793,6	2 158,0	2 568,6	741,6	
– cash equivalent earnings basis2.	7			2 509,2	786,7	
From continuing operations:						
- attributable earnings basis 2.		2 747,1	2 184,8	2 550,4	643,8	
headline earning basis2.	6	2 793,6	2 264,5	2 568,6	656,5	
DIVIDENDS			. 10 627 6		Take 6 C	
PER SHARE (CENTS) 1	1	885,9	1 261,8	700,0	320,0	

FOR THE YEARS ENDED 31 MARCH				
		FLATION DJUSTED	HIST	ORICAL
Notes	2003	2002	2003	2002
	\$m's	\$m's	\$m's	\$m's
Cash retained from operating activities				
Cash generated from trading 12.1	36 473	33 226	31 783	9 812
Utilised to increase working capital 12.2	(15 189)	(2388)	(17 708)	(4 112)
Cash generated from operating activities	21 282	30 838	14 075	5 700
Financing costs	(632)	(4 166)	(310)	(793)
Taxation paid 12.3	(4 281)	(3 185)	(958)	(410)
Cash flow from operations	16 371	23 487	12 807	4 497
Dividends paid 12.4	(11 305)	(5 566)	(4 183)	(936)
Net cash retained	5 066	17 921	8 624	3 561
Cash utilised in investment activities				
Net assets demerged		3 661		1 343
Investment to maintain operations				
Replacement of fixed assets	(6 000)	(3 441)	(4 925)	(886)
Proceeds on disposal of fixed assets	188	5 274	154	1 312
	(5 812)	5 494	(4 771)	1 769
Investment to expand operations				
Fixed asset additions	(5 911)	(2 017)	(4 041)	(520)
Increase in loans and investments	(26)	1 785	(831)	(233)
	(5 937)	(232)	(4 872)	(753)
â				
Net cash invested	(11 749)	5 262	(9 643)	1 016
	(6 683)	23 183	(1 019)	4 577
Financing activities				
Movement in borrowings	2 999	(15 652)	4 025	(1998)
Movement in cash	3 576	(7 875)	(3 114)	(2684)
Increase in shareholder funding 12.5	108	344	108	105
Increase in cash resources	6 683	(23 183)	1 019	(4 577)
Cash flow per share (cents) 2.8	1 860,9	2 798,2	1 388,7	476,2

FOR THE YEARS ENDED 31 MARCH				
	INFLATION ADJUSTED		HISTO	RICAL
	2003	2002	2003	2002
	\$m's	\$m's	\$m's	\$m's
CASH GENERATED				
Cash derived from sales	170 369	208 913	99 116	45 150
Income from investments	176		128	
	170 545	208 913	99 244	45 150
Cash payments to suppliers				
of materials, facilities & services	(97 095)	(122 623)	(53 785)	(27 203)
Cash value added	73 450	86 290	45 459	17 947
Cash utilised to:				
Remunerate employees for their services	16 698	22 881	9 625	5 026
Pay income, sales and excise taxes				
to Government	39 749	35 756	22 531	7 624
Provide lenders with a return				
on monies borrowed	632	4 166	496	800
Provide shareholders with a reward		ינ פישו ש!		
for the use of their risk capital	11 305	5 566	4 183	936
CASH DISBURSED AMONG				
STAKEHOLDERS	68 384	68 369	36 835	14 386
CASH RETAINED IN THE BUSINESS				
AVAILABLE TO FUND THE				
REPLACEMENT OF ASSETS AND				
FACILITATE FURTHER GROWTH	5 066	17 921	8 624	3 561



AT 31 MARCH INFLATION					
		ADJUSTED HISTOR			RICAL
	Notes	2003	2002	2003	2002
		\$m's	\$m's	\$m's	\$m's
SHAREHOLDERS' FUNDS					
Share capital	13	20 408	20 408	44	43
Share premium	14	36 516	36 408	1 264	1 157
Non-distributable reserves	15			30	33
Distributable reserves	16	30 811	20 812	20 830	4 594
Proposed dividend	11	4 418	7 750	4 418	2 363
SHAREHOLDERS' EQUITY		92 153	85 378	26 586	8 190
Outside shareholders' interests					
in subsidiaries		2 479	1 830	1 356	306
TOTAL SHAREHOLDERS' FU	NDS	94 632	87 208	27 942	8 496
Tax equalisation and deferred taxat	ion	27 364	25 400	658	408
		121 996	112 608	28 600	8 904
INTEREST BEARING DEBT			1		
Long term financing	17	94	308	94	94
Short term borrowings	17	4 381	1 168	4 381	356
		4 475	1 476	4 475	450
TOTAL CAPITAL EMPLOYED		126 471	114 084	33 075	9 354
LONG TERM ASSETS					
Properties, plant, equipment					
and vehicles	18	91 403	87 697	11 959	3 638
Investments, goodwill and	10		2 (22		
other long term assets	19	4 516	3 629	2 418	698
CV TO TO 1 COURTS		95 919	91 326	14 377	4 336
CURRENT ASSETS	2.2		AP 222		:
Stocks	20	43 783	25 161	32 502	5 751
Debtors	21	9 463	11 145	8 890	3 398
Short term loans		100	203	100	62
Bank balances		6 048	9 624	6 048	2 934
		59 394	46 133	47 540	12 145
TOTAL ASSETS		155 313	137 459	61 917	16 481
INTEREST FREE LIABILITIES					
Creditors	22	20 242	18 594	20 242	5 669
Taxation		8 600	4 781	8 600	1 458
		28 842	23 375	28 842	7 127
TOTAL EMPLOYMENT OF CA	PITAL	126 471	114 084	33 075	9 354

FOR THE YEARS ENDED 31 MARCH				
	INFLA ADJU		HISTO	RICAL
Notes	2003	2002	2003	2002
	\$m's	\$m's	\$m's	\$m's
Changes in share capital				
Share capital issued 13 & 14	108	344	108	105
Changes in distributable reserves				
Deferred tax arising on reindexing 16	(6 328)	(5 861)		
Earnings attributable to shareholders	24 139	18 837	22 410	6 544
Dividends declared – prior year final	(7 750)	(3 496)	(2 363)	(500)
– current year interim	(3 394)	(2 051)	(1 759)	(436)
– specie dividend		(30 832)		(3 295)
Shareholders' equity at the				
beginning of the year	85 378	108 437	8 190	5 772
Shareholders' equity at the				
end of the year	92 153	85 378	26 586	8 190

FOR THE YEARS ENDED 31 MARCH						
CONSOLIDATED INCOME STATEMENTS	5 Year Compound Growth % p.a.	HISTORI 2003 \$m's	2002 \$m's	JANCIAL 2001 \$m's	INFORM 2000 \$m's	MATION 1999 \$m's
Turnover	65,3	103 682	43 971	24 985	18 219	12 001
Taxed operating income	88,9	23 735	7 656	2 596	2 095	1 718
Taxed interest payable	14,6	(214)	(548)	(892)	(597)	(235)
Income after taxation	93,0	23 521	7 108	1 704	1 498	1 483
Outside shareholders	72,7	(1 111)	(564)	(23)	(216)	(294)
Earnings attributable to ordinary shareholders	94,4	22 410	6 544	1 681	1 282	1 189
Dividends	77,6	(6 177)	(2 799)	(689)	(568)	(480)
Retained income	104,1	16 233	3 745	992	714	709
CONSOLIDATED BALANCE SHEETS Shareholders' equity	58,8	26 586	8 190	5 772	4 641	3 585
Outside shareholders	27,3	1 356	306	1 130	1 106	907
Total shareholders' funds	55,9	27 942	8 496	6 902	5 747	4 492
Tax equalisation	40,1	658	408	164	99	69
Interest-bearing debt	39,9	4 475	450	2 448	1 987	1 816
CAPITAL EMPLOYED	52,6	33 075	9 354	9 514	7 833	6 377
Assets Long term	38,1	14 377	4 336	6 215	5 560	4 709
Current	78,6	47 540	12 145	7 063	5 139	3 855
TOTAL ASSETS	62,4	61 917	16 481	13 278	10 699	8 564
Interest free liabilities	81,0	(28 842)	(7 127)	(3 764)	(2 866)	(2 187)
EMPLOYMENT OF CAPITAL	52,6	33 075	9 354	9 514	7 833	6 377

FIVE YEAR FINANCIAL REVIEW OF HISTORICAL INFORMATION					
	2003	2002	2001	2000	1999
SHARE PERFORMANCE					
PER SHARE (CENTS)					
Attributable earnings	2 550	753	195	151	145
Headline earnings	2 569	742	204	169	135
Cash equivalent earnings	2 509	787	217	170	143
Dividends	700	320	80	66	58
Cash flow	1 389	476	111	139	93
Net asset value	3 009	936	670	539	433
Closing market price	24 000	6 000	1 850	950	975
ZSE industrial index	179 531	48 091	29 198	14 760	8 975
SHARE INFORMATION					
In issue (m's)	884	875	862	860	827
Market capitalisation (\$m's)	212 056	52 505	15 948	8 173	8 067
Trading volume (m's)	126	111	369	74	171
Trading percentage	14,3	12,8	42,9	8,7	20,8
RATIOS AND RETURNS					
PROFITABILITY					
Return on equity (%)	84,3	79,9	29,1	27,6	33,1
Income after taxation to					
total capital employed (%)	71,1	76,0	17,9	19,1	23,3
Taxed operating return (%)	71,8	81,9	27,3	26,7	26,9
Pretax return on total assets (%)	52,2	56,1	16,7	18,0	18,6
SOLVENCY					
Long term debt to total					
shareholders' funds (%)	0,3	1,1	0,4	8,5	1,2
Financial gearing ratio (%)	nil	nil	31,9	30,0	36,5
Interest cover (times)	65,7	12,5	2,6	2,9	3,7
Total liabilities to total shareholders' funds (%)	121,6	94,0	92,4	86,2	90,6
LIQUIDITY					
Current assets to interest free					
liabilities & short term borrowings	1,43	1,62	1,14	1,18	0,98
PRODUCTIVITY					
Turnover per employee (\$m's)	17,99	4,66	2,20	1,40	0,86
Turnover to payroll (times)	10,77	8,80	8,31	8,54	8,37
Cash value added to payroll (times)	4,72	3,57	3,16	3,64	3,56
OTHER	1				
Number of employees	5 764	7 174	11 378	13 028	13 952
Number of shareholders	3 081	2 881	2 550	2 626	2 342
THREE YEAR FINANCIAL REVIEW OF	INFLAT	TION AD	USTED I	NFORMA	TION
PER SHARE (CENTS)					
Attributable earnings	2 747	2 167	1 653		
Headline earnings	2 794	2 158	1 761		
Net asset value	10 429	9 756	12 579		
SOLVENCY					
Long term debt to total shareholder's funds (%)	0,10	0,34	0,16		
Interest cover (times)	48,34	5,88	0,91		
Total liabilities to total shareholders' funds (%)	64,12	57,62	61,6		
The state of the s	and the state of t	The special section	race of the state.		

ACCOUNTING POLICIES 1.

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. These policies do not conform with standards issued by the International Accounting Standards Board 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 Financial Reporting Standard 12. The provisions of all other standards are complied with.

BASIS OF PRESENTATION 1.1

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 Financial Reporting 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

IFRS 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 2003, using a 1995 base year, are as follows:

	Index	Conversion Factor
31 March 2003	4 549,0	1,000
31 March 2002	1 386,9	3,280
31 March 2001	650,2	6,996

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

The application of the IFRS 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.

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. 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. Post acquisition results of associates subsequent to the most recent audit are consolidated based on management accounts. The results and reserves of subsidiaries and associated companies are included from the effective dates of acquisition up to the effective dates of disposal.

Goodwill arising on acquisition of subsidiaries, associated companies 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 AND ASSOCIATED COMPANIES

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

FOREIGN CURRENCY TRANSACTIONS AND BALANCES 1.5

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.

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.

PROPERTIES, PLANT, EQUIPMENT AND VEHICLES 1.7

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 pretax 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.

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 Group's share of post acquisition results and distributable reserves.

Investments regarded as financial assets available for sale and for which fair value can be reliably determined are stated at fair value with the change in value being credited or debited to operating 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 an impairment 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 comprise bottles and crates. These 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 reuse. 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 price is included in stock. This deferred container expenditure, which represents the excess cost of a new container over the current deposit price, is amortised over the four years following the year of purchase. In the historical financial statements the deferred container expenditure is reduced by subsequent gains arising from deposit price increases. Regular container deposit price increases are undertaken to ensure that containers have a carrying value which approximates 60% of current container replacement cost. Any surplus of deposit price increases after reducing deferred container expenditure to nil is shown as income. This is not done in the inflation adjusted accounts as the deferred container expenditure is restated and amortised over the four years following the year of purchase, and all deposit price increases are recognised directly in income. The value of any returnable containers scrapped is charged to the 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 and sales tax. 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 those amounts expected to become payable in the foreseeable future. This is contrary to the requirements of International Financial Reporting Standard 12.

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

The directors are of the opinion that the full application of this standard is inappropriate in a highly inflationary environment. In assessing the appropriate level of provision for deferred taxation the discounted value of deferred taxation arising from temporary differences in respect of transactions which have 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 which has been set aside, adequately provides for the discounted deferred tax liability and that, accordingly, the financial statements reflect a true and fair disclosure.

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 to 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 temporary differences which arise from the restatement of assets and liabilities as the differences are measured in current dollars. Accordingly, full provision is made for deferred tax arising from such restatements.

1.14 RETIREMENT BENEFIT COSTS

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

The Group's pension scheme is a defined contribution scheme and the cost of retirement benefit is determined by the level of contribution made in terms of the rules.

The cost of retirement benefit applicable to the National Social Security Authority scheme, which is a defined benefit fund, is determined by the systematic recognition of legislated contributions.

DEFINITIONS 2.

2.1 TAXED INTEREST PAYABLE

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

2.2 INTEREST COVER (TIMES)

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

NET ASSETS 2.3

These are equivalent to shareholders' equity.

PRETAX RETURN ON TOTAL ASSETS 2.4

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.

EARNINGS PER SHARE 2.6

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: 878 678 231 (2002 - 869 406 730). 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.

		ATION JSTED	HISTORICAL		
	2003	2003 2002		2002	
	\$m's	\$m's	\$m's	\$m's	
Earnings attributable to shareholders	24 139	18 837	22 410	6 544	
		3		7	
Add non-recurring items (note 8)	408	(75)	159	(98)	
Headline earnings	24 547	18 762	22 569	6 446	

Continuing Operations

Attributable and headline earnings per share from continuing operations are calculated on the same divisor after removing the results of discontinued operations as detailed in note 6 for 2002.

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:-

2002

	2003	2002
	\$m's	\$m's
Earnings attributable to shareholders	22 410	6 544
Adjusted for		
Non-cash items	260	130
Equity accounted retained earnings	(890)	(154)
Tax equalisation	250	344
Add/(less): minority share of adjustments	18	(24)
Cash equivalent earnings	22 048	6 840

2.8 CASH FLOW PER SHARE

This focuses on the cash stream actually achieved in the year 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.

COUNTRY OF INCORPORATION AND CURRENCY 3.

All Group companies are incorporated in Zimbabwe. The financial statements are expressed in Zimbabwe Dollars.

SEGMENTAL REPORTING 4.

During the previous year in accordance with the Group's stated objective of concentrating on its core beverage interests, the retail and hotel businesses were separated from the Group.

For management purposes, the Group is now organised into a single operating division with shared production facilities and combined distribution infrastructure catering for all beverages. The Maltings and Plastics operations primarily provide inputs to the core business and being relatively small are not considered to be separate reporting segments. The Group does not report by geographical segment as such a split within Zimbabwe would not be meaningful. In view of this the Group does not report on separate business segments.

In the previous year, there were operations for part of the period in respect of the retail and hotel businesses. Aggregate information in respect of these discontinued segments has been disclosed in note 6.

TURNOVER 5.

	INFLATION				
	ADJU	ADJUSTED		DRICAL	
	2003	2002	2003	2002	
	\$m's	\$m's	\$m's	\$m's	
Sales proceeds	143 763	167 225	90 548	37 785	
Excise and levies	35 464	27 542	21 571	6 228	
Sales tax	4	5 028	2	986	
Other	4 703	16 003	2 341	2 314	
	183 934	215 798	114 462	47 313	
Less: intra-group sales	(12 259)	(13 071)	(10 780)	(3 342)	
	171 675	202 727	103 682	43 971	
Export sales included above	8 364	9 046	5 231	2 388	

6. DISCONTINUED OPERATIONS

The retail and hotel businesses were separated from the Group during the course of the previous year. Inflation adjusted and historical information in respect of operations discontinued in the previous year has been provided for information purposes.

	INFLATION ADJUSTED 2002	HISTORICAL 2002
0	\$m's	\$m's
TURNOVER	64 298	12 650
NET OPERATING COSTS	(63 780)	(10 981)
OPERATING INCOME	518	1 669
Non-recurring items	781	322
Finance costs	(2 522)	(430)
Fair value adjustment	1 033	40
Monetary gains	(689)	
Equity accounted earnings	(56)	(11)
Income before tax	(935)	1 590
Taxation	(859)	(321)
INCOME AFTER TAX	(1 794)	1 269
Attributable to outside shareholders EARNINGS ATTRIBUTABLE TO	1 643	(320)
SHAREHOLDERS	(151)	949
OTHER INFORMATION		
Capital additions	912	183
Depreciation and amortisation	2 352	124
Other non-cash expenses	915	422
Cash flow from operating activities	1 801	(530)

	Notes	INFLATION ADJUSTED HISTORICAL 2003 2002 2003 200			
	11000	\$m's	\$m's	\$m's	\$m's
7.	OPERATING INCOME	4	, , , , , , , , , , , , , , , , , , ,		7
	Operating income is arrived at after charging/(crediting):-				
7.1	NET OPERATING COSTS				
	Sundry operating income Changes in inventories of finished goods and work in progress	(13 868) (17 441)		(5 746) 916	(624) 348
	Raw materials and consumables used Net gain on container	90 580	95 229	30 356	14 485
	deposit increase Depreciation expense 7.2 Amortisation of goodwill 7.6	(7 763) 7 491	(1 663) 9 656 (230)	(4 116) 576	(552) 425 (22)
	Staff costs	16 698	22 881	9 625	5 026
	Excise, levies and sales tax Other operating expenses	35 468 34 630	32 571 35 750	21 573 18 975	7 214 8 029
		145 795	182 257	72 159	34 329
7.2	DEPRECIATION OF FIXED ASSETS				
	Buildings	961	1 417	27	34
	Plant, equipment and vehicles	6 530	8 239	549	391
		7 491	9 656	576	425
7.3	INTEREST RECEIVABLE				
	Long term loans	(60)	(308)	(36)	(68)
	Short term loans	(946)	(1 191)	(564)	(263)
		(1 006)	(1 499)	(600)	(331)
7.4	EXCHANGE GAINS				
	Gross amount	377	(118)	225	(26)
7.5	AUDITORS' REMUNERATION				
	Current year audit fees and expenses	74	138	74	42
	Prior year under provision	23	26	7	4
		97	164	81	46
	Included in current year Group audit				
	fees are fees for the company of				
	\$3,06 million (2002 – \$2,25 million).				

		INFLATION ADJUSTED HISTORICA		RICAL	
		2003	2002	2003	2002
		\$m's	\$m's	\$m's	\$m's
7.6	AMORTISATION OF				
	GOODWILL				
	Arising on consolidation		(259)		(23)
	Purchased goodwill		29		1
			(230)		(22)
7.7	NET LEASING EXPENSE				
	Lease payments:				
	- Minimum lease payments	153	1 207	91	252
	- Contingent lease payments		13		3
	Lease and sub-lease income received		(288)		(60)
		153	932	91	195
8.	NON-RECURRING ITEMS				
	Profit on sale of property		(961)		(370)
	Demerger costs	(3)	325	(2)	79
	Profit on sale of subsidiary		(220)		(62)
	Other reorganisational expenditure	483	767	233	220
		480	(89)	231	(133)
	Related taxation (note 10)	(72)	(259)	(72)	(79)
	Minorities' share		273		114
		408	(75)	159	(98)
9.	FINANCING COSTS				
	Long and medium term financing	512	1 676	401	322
	Short term borrowings	120	2 490	95	478
	Gross amount	632	4 166	496	800
	Less capitalised			(186)	(7)
		632	4 166	310	793

		INFLATION ADJUSTED HISTORICAL			ICAL
		2003	2002	2003	2002
		\$m's	\$m's	\$m's	\$m's
10.	TAXATION				
10.1	TAXATION CHARGE				
	Income tax:				
	Holding company and subsidiaries				
	Current – Standard	7 971	5 930	7 971	1 808
	- AIDS levy	206	170	206	52
	Prior years	(7)	(187)	(7)	(57)
	Associated companies	417	207	417	63
	Non recurring items				
	Holding company and subsidiaries	(70)	(259)	(70)	(79)
	Associated companies	(2)		(2)	
	Deferred taxation	(4 013)	(4 759)		
	Tax equalisation	250	1 128	250	344
		4 752	2 230	8 765	2 131

		HISTORICAL	
		2003	2002
		%	%
10.2	RECONCILIATION OF RATE OF TAXATION		
	Standard rate	30,9	30,9
	Adjusted for:		
	Capital allowances in excess of depreciation	(2,3)	(2,2)
	Net allowance on instalment debtors		(0,6)
	Deferred expenditure on containers		0,1
	Tax equalisation	0,8	3,7
	Utilised tax losses		(1,0)
	Non-recurring items		1,3
	Other adjustments including permanent differences	(2,3)	(9,1)
		(3,8)	(7,8)
	Effective rate	27,1	23,1

		HISTORICAL			ATION ISTED	HISTORICAL	
		2003	2002	2003	2002	2003	2002
		cents	cents	\$m's	\$m's	\$m's	\$m's
11.	DIVIDENDS						
	Interim	200	50	3 394	2 051	1 759	436
	Final – proposed	500	270	4 418	7 750	4 418	2 363
	-	700	320	7 812	9 801	6 177	2 799
	ω						
12.	CASH FLOW INI	FORMATI	ION				
12.1	CASH GENERAT	ED FROM					
12.1	TRADING	LDTROW					
	Operating income			25 880	20 470	31 523	9 642
	Monetary gain			3 871	2 273		
	Non-recurring item	S		(480)	89	(231)	133
	Depreciation			7 491	9 656	576	425
	Amortisation of goo	odwill			(230)		(22)
	Profit on sale of fixe	ed assets		526	646	(85)	(394)
	Other			(815)	322		28
				36 473	33 226	31 783	9 812
12.2	UTILISED TO INC	CREASE					
	WORKING CAPI	ΓAL					
	Increase in stocks	101 4 141		(18 622)	(5 330)	(26 751)	(4 681)
	Decrease/(Increase)				(5.122)	(# #aa)	(4.554)
	and short term loar			1 785	(5 123)	(5 530)	(4 776)
	Increase in creditor	S		1 648	8 065	14 573	5 345
				(15 189)	(2 388)	(17 708)	(4 112)
12.3	TAXATION PAID						
14.5	TAME ON THE						
	Liability at beginning	ng of vear		(4 781)	(3 464)	(1 458)	(495)
	Income tax provide		e 10)	(8 515)		(8 515)	(1 787)
	Associated compan			415	207	415	63
	Demerged taxation	*0 .55			1 152		351
	Liability at end of y	ear		8 600	4 781	8 600	1 458
	providence of the second secon			(4 281)	15 2/2	(958)	(410)
12							

		INFLATION ADJUSTED HISTORICAL			ICAL
		2003	2002	2003	2002
		\$m's	\$m's	\$m's	\$m's
12.4	DIVIDENDS PAID				
	By the Company:				
	Shareholders for dividends at				
	beginning of year	(7 750)	(3 496)	(2 363)	(500)
	Current year dividends (see note 11)	(7 812)	(9 801)	(6 177)	(2 799)
	Shareholders for dividends				
	at end of year	4 418	7 750	4 418	2 363
		(11 144)	(5 547)	(4 122)	(936)
	By Subsidiaries:				
	Outside shareholders for				
	dividends at beginning of year	(95)	(35)	(29)	(5)
	Outside shareholders' share				
	of dividends declared	(145)	(538)	(111)	(164)
	Demerged dividends		459		140
	Outside shareholders for				
	dividends at end of year	79	95	79	29
		(161)	(19)	(61)	-
	Total dividends paid	(11 305)	(5 566)	(4 183)	(936)
12.5	INCREASE IN SHAREHOLDER				
	FUNDING				
	Proceeds of shares issued:				
	By the Company	108	344	108	105
		108	344	108	105
13.	SHARE CAPITAL				
13.1	AUTHORISED				
	1 100 000 000 ordinary shares				
	of 5 cents each.	55	55	55	55
13.2	ISSUED AND FULLY PAID				
	Cost	44	43	44	43
	Arising on inflation adjustment	20 364	20 365		
		20 408	20 408	44	43
			9	121	
	Comprising 883 567 361 (2002 – 87)	5 075 963)	ordinary share	es of 5 cents	s each.

13.3 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 \$11 million has been placed at the disposal of the directors for an indefinite period.

13.4 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 2003.

Date of grant	Subscription price (Dollars)	Number of shares
16 October 1998	7,80	25 000
3 August 1999	11,20	468 200
18 May 2000	7,10	745 130
19 December 2000	12,90	23 480
1 March 2001	16,00	100 000
2 April 2001	18,50	4 875 000
1 March 2002	45,00	13 750 000
1 October 2002	150,00	400 000
14 February 2003	180,00	3 200 000
		23 586 810
Movements for the year:		
At 31 March 2002		28 895 928
New options granted		3 600 000
Options exercised		(8 491 398)
Options forfeited		(417 720)
At 31 March 2003		23 586 810

13.5 DIRECTORS' SHAREHOLDINGS

At 31 March 2003, the Directors held directly and indirectly the following number of shares in the Company:

	2003	2002
S.J. Hammond	8 181	8 181
G.D. Hollick	20 541	20 541
M.E. Kahari	30 000	100 000
J. Koumides	2 104 850	930 868
R.H.M. Maunsell	475 000	25 000
M.S. Mushiri	1 610 161	438 821
J.S. Mutizwa	1 000 000	1 130 000
T.N. Sibanda	Nil	10 000
W.H. Turpin	3 361	3 218
	5 252 094	2 666 629

No changes in Directors' shareholdings have occurred between the financial year end and 16 May 2003.

			LATION USTED	HISTORICAL	
		2003	2002	2003	2002
		\$m's	\$m's	\$m's	\$m'
14.	SHARE PREMIUM				
	At beginning of year	36 408	36 064	1 157	1 052
	Arising on issue of shares	108	344	107	105
	At end of year	36 516	36 408	1 264	1 157
15.	NON-DISTRIBUTABLE RESERVES Comprising donated assets received				
	At beginning of year			33	37
	Transfer to distributable reserves			(3)	(4)
	At end of year			30	33

		INFLATION ADJUSTED		HISTOR	RICAL
		2003	2002	2003	2002
		\$m's	\$m's	\$m's	\$m's
16.	DISTRIBUTABLE RESERVES				
	At beginning of year	20 812	48 469	4 594	4 140
	Indexing of deferred taxation	(6 328)	(5 861)		
	Retained earnings for the year	16 327	9 036	16 233	3 745
	Transfer from				
	non-distributable reserves			3	4
	Specie dividends		(30 832)		(3 295)
	At end of year	30 811	20 812	20 830	4 594
	Retained in:				
	Holding company	(50 309)	(37 376)	4 618	4 618
	Subsidiaries and arising	(30 309)	(37 370)	7 016	7 010
	on consolidation	79 800	57 548	15 239	(243)
	Associated companies	1 320	640	973	219
	1 isocetated companies	30 811	20 812	20 830	4 594
				20 000	1221
17.	INTEREST BEARING DEBT				
	Long term financing				
	Unsecured				
	Long term loans:	94	308	94	94
	Rate of Interest % nil				
	Short term borrowings				
	Overdraft	1	518	1	158
	Short term loans	4 380	650	4 380	198
	Total short term borrowings	4 381	1 168	4 381	356
	Total interest bearing debt	4 475	1 476	4 475	450

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 \$ 26,6 billion.

17. INTEREST BEARING DEBT (CONTINUED)

Short term borrowings include foreign loans amounting to \$1,6 billion (2002 - \$30,4million). 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 working capital requirements, are as follows:

is a second of the second of t		LATION	HISTORICAL		
	2003	2002	2003	2002	
	\$m's	\$m's	\$m's	\$m's	
UNSECURED					
United States Dollars (USD)					
Interest rate % – 6,0					
Amount: US\$1 958 000	1 613	98	1 613	30	

The outstanding balances are repayable within twelve months.

Local short term borrowings bear interest in accordance with ruling short term money market rates. Foreign debt is subject to fixed interest rates.

18. PROPERTIES, PLANT, EQUIPMENT AND VEHICLES

FREEHOLD PROPERTIES

Cost	56 073	55 573	723	453
Capital work in progress	446	26	438	17
	56 519	55 599	1 161	470
Depreciation	20 603	19 667	72	61
	35 916	35 932	1 089	409
LEASEHOLD PROPERTIES				
Cost	979	1 105	28	21
Capital work in progress	319		190	
	1 298	1 105	218	21
Depreciation	487	465	6	2
	811	640	212	19

2003 2002 2003 2002 2003 2002 \$m's \$m's			INFLATION ADJUSTED		HISTORICAL	
18. PROPERTIES, PLANT, EQUIPMENT AND VEHICLES (CONTINUED) PLANT AND EQUIPMENT Cost 97 766 92 870 6 432 2 914 Capital work in progress 2 786 856 2 354 163 100 552 93 726 8 786 3 077 Depreciation 56 281 52 215 1 173 872 44 271 41 511 7 613 2 205 VEHICLES Cost 16 547 15 613 3 336 1 218 Capital work in progress 307 144 176 40 16 854 15 757 3 412 1 258 Depreciation 6 449 6 143 467 253 10 405 9 614 3 045 1 005 Total properties, plant, equipment and vehicles 91 403 87 697 11 959 3 638 Movement in net book amount for the year At beginning of the year 87 697 134 693 3 638 5 412 Capital expenditure 11 911 5 458 8 966 1 406 Disposals (714) (5 199) (69) (923) Depreciation charged to operating income (7491) (9 656) (576) (425) Demerged assets (37 599) (1 832) At end of the year 91 403 87 697 11 959 3 638 Capital expenditure comprised: Freehold properties 953 161 711 45 Leasehold properties 190 95 191 16 Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683			2003	2002	2003	2002
EQUIPMENT AND VEHICLES (CONTINUED) PLANT AND EQUIPMENT Cost			\$m's	\$m's	\$m's	\$m's
EQUIPMENT AND VEHICLES (CONTINUED) PLANT AND EQUIPMENT Cost						
CONTINUED PLANT AND EQUIPMENT Cost	18.	PROPERTIES, PLANT,				
PLANT AND EQUIPMENT		EQUIPMENT AND VEHICLES				
Cost		(CONTINUED)				
Cost Capital work in progress 2 786 856 2 354 163 100 552 93 726 8 786 3 077 Depreciation 56 281 52 215 1 173 872 44 271 41 511 7 613 2 205 VEHICLES Cost 16 547 15 613 3 336 1 218 Capital work in progress 307 144 176 40 16 854 15 757 3 412 1 258 Depreciation 6 449 6 143 467 253 10 405 9 614 3 045 1 005 Total properties, plant, equipment and vehicles 91 403 87 697 11 959 3 638 Movement in net book amount for the year: At beginning of the year 87 697 134 693 3 638 5 412 Capital expenditure 11 911 5 458 8 966 1 406 Disposals (714) (5 199) (69) (923) Depreciation charged to operating income (7 491) (9 656) (576) (425) Demerged assets (37 599) (11 832) At end of the year 91 403 87 697 11 959 3 638 Capital expenditure comprised: Freehold properties 91 403 87 697 11 959 3 638 Capital expenditure comprised: Freehold properties 190 95 191 16 Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683		PLANT AND EQUIPMENT				
Capital work in progress 2 786 856 2 354 163 100 552 93 726 8 786 3 077 Depreciation 56 281 52 215 1 173 872 44 271 41 511 7 613 2 205 VEHICLES Cost 16 547 15 613 3 336 1 218 Capital work in progress 307 144 176 40 16 854 15 757 3 412 1 258 Depreciation 6 449 6 143 467 253 10 405 9 614 3 045 1 005 Total properties, plant, equipment and vehicles 91 403 87 697 11 959 3 638 Movement in net book amount for the year 87 697 134 693 3 638 5 412 Capital expenditure 11 911 5 458 8 966 1 406 Disposals (714) (5 199) (69) (923) Depreciation charged to operating income (7 491) (9 656) (576) (425) At end of the year 91 403 87 697 11 959 <t< th=""><th></th><th></th><th>07.766</th><th>02.970</th><th>(122</th><th>2.014</th></t<>			07.766	02.970	(122	2.014
Depreciation						
Depreciation		Capital work in progress		62795255		3,000,000
VEHICLES Cost		Domessississ				
Cost 16 547 15 613 3 336 1 218 Capital work in progress 307 144 176 40 16 854 15 757 3 412 1 258 Depreciation 6 449 6 143 467 253 10 405 9 614 3 045 1 005 Total properties, plant, equipment and vehicles 91 403 87 697 11 959 3 638 Movement in net book amount for the year: At beginning of the year 87 697 134 693 3 638 5 412 Capital expenditure 11 911 5 458 8 966 1 406 Disposals (714) (5 199) (69) (923) Depreciation charged (7 491) (9 656) (576) (425) Demerged assets (37 599) (1 832) At end of the year 91 403 87 697 11 959 3 638 Capital expenditure comprised: Freehold properties 91 403 87 697 11 959 3 638		Depreciation				
Cost Capital work in progress 307 144 176 40 16 854 15 757 3 412 1 258 Depreciation 6 449 6 143 467 253 10 405 9 614 3 045 1 005 Total properties, plant, equipment and vehicles 91 403 87 697 11 959 3 638 Movement in net book amount for the year: At beginning of the year Capital expenditure 11 911 5 458 8 966 1 406 Disposals (714) (5 199) (69) (923) Depreciation charged to operating income (7 491) (9 656) (576) (425) Demerged assets (37 599) (1 832) At end of the year Capital expenditure comprised: Freehold properties 953 161 711 45 Leasehold properties 190 95 191 16 Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683		VEHICLES	44 271	41 311	7 013	2 203
Capital work in progress 307 144 176 40 16 854 15 757 3 412 1 258 Depreciation 6 449 6 143 467 253 10 405 9 614 3 045 1 005 Total properties, plant, equipment and vehicles 91 403 87 697 11 959 3 638 Movement in net book amount for the year: At beginning of the year 87 697 134 693 3 638 5 412 Capital expenditure 11 911 5 458 8 966 1 406 Disposals (714) (5 199) (69) (923) Depreciation charged to operating income (7 491) (9 656) (576) (425) Demerged assets (37 599) (1 832) At end of the year 91 403 87 697 11 959 3 638 Capital expenditure comprised: Freehold properties Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683		VEHICLES				
Capital work in progress 307 144 176 40 16 854 15 757 3 412 1 258 Depreciation 6 449 6 143 467 253 10 405 9 614 3 045 1 005 Total properties, plant, equipment and vehicles 91 403 87 697 11 959 3 638 Movement in net book amount for the year: At beginning of the year 87 697 134 693 3 638 5 412 Capital expenditure 11 911 5 458 8 966 1 406 Disposals (714) (5 199) (69) (923) Depreciation charged to operating income (7 491) (9 656) (576) (425) Demerged assets (37 599) (1 832) At end of the year 91 403 87 697 11 959 3 638 Capital expenditure comprised: Freehold properties Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683		Cost	16 547	15 613	3 336	1 218
Depreciation						955
Depreciation		Suprime were in progress			200000000000000000000000000000000000000	
Total properties, plant, equipment and vehicles Movement in net book amount for the year: At beginning of the year Capital expenditure Disposals Depreciation charged to operating income Demerged assets At end of the year Capital expenditure comprised: Freehold properties Freehold properties Plant and equipment 7 850 2 9614 3 045 1 005 1 005 1 1 959 3 638 5 412 6 426 1 406 1 406 1 406 1 406 1 406 1 406 1 406 1 406 1 407 1 409 1 406 1 40		Depreciation				200000
Total properties, plant, equipment and vehicles Movement in net book amount for the year: At beginning of the year Capital expenditure Disposals Depreciation charged to operating income Total properties Demerged assets Capital expenditure comprised: Freehold properties Plant and equipment 7 850 91 403 87 697 11 959 3 638 5 412 649 7 490 7 491 7 850 7 491 7 850 7 697 11 959 3 638 1 406						
equipment and vehicles 91 403 87 697 11 959 3 638 Movement in net book amount for the year: 87 697 134 693 3 638 5 412 Capital expenditure 11 911 5 458 8 966 1 406 Disposals (714) (5 199) (69) (923) Depreciation charged to operating income (7 491) (9 656) (576) (425) Demerged assets (37 599) (1 832) At end of the year 91 403 87 697 11 959 3 638 Capital expenditure comprised: Freehold properties 953 161 711 45 Leasehold properties 190 95 191 16 Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683		Total properties, plant,				
Movement in net book amount for the year: 87 697 134 693 3 638 5 412 Capital expenditure 11 911 5 458 8 966 1 406 Disposals (714) (5 199) (69) (923) Depreciation charged to operating income (7 491) (9 656) (576) (425) Demerged assets (37 599) (1 832) At end of the year 91 403 87 697 11 959 3 638 Capital expenditure comprised: Freehold properties 953 161 711 45 Leasehold properties 190 95 191 16 Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683			91 403	87 697	11 959	3 638
At beginning of the year Capital expenditure Disposals Depreciation charged to operating income At end of the year Capital expenditure Demerged assets Capital expenditure Freehold properties Plant and equipment Part Age						
At beginning of the year Capital expenditure Disposals Depreciation charged to operating income Demerged assets At end of the year Capital expenditure comprised: Freehold properties Plant and equipment Part of the year September 2018 (134 693		Movement in net book				
At beginning of the year Capital expenditure Disposals Depreciation charged to operating income Demerged assets At end of the year Capital expenditure comprised: Freehold properties Plant and equipment Part of the year September 2018 (134 693		amount for the year:				
Capital expenditure 11 911 5 458 8 966 1 406 Disposals (714) (5 199) (69) (923) Depreciation charged (7 491) (9 656) (576) (425) Demerged assets (37 599) (1 832) At end of the year 91 403 87 697 11 959 3 638 Capital expenditure comprised: 953 161 711 45 Leasehold properties 190 95 191 16 Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683						
Disposals (714) (5 199) (69) (923) Depreciation charged to operating income (7 491) (9 656) (576) (425) Demerged assets (37 599) (1 832) At end of the year 91 403 87 697 11 959 3 638 Capital expenditure comprised: Freehold properties 953 161 711 45 Leasehold properties 190 95 191 16 Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683		At beginning of the year	87 697	134 693	3 638	5 412
Depreciation charged to operating income (7 491) (9 656) (576) (425) Demerged assets (37 599) (1 832) At end of the year 91 403 87 697 11 959 3 638 Capital expenditure comprised: Freehold properties 953 161 711 45 Leasehold properties 190 95 191 16 Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683		Capital expenditure	11 911	5 458	8 966	1 406
to operating income (7 491) (9 656) (576) (425) Demerged assets (37 599) (1 832) At end of the year 91 403 87 697 11 959 3 638 Capital expenditure comprised: Freehold properties 953 161 711 45 Leasehold properties 190 95 191 16 Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683		Disposals	(714)	(5 199)	(69)	(923)
Demerged assets (37 599) (1 832) At end of the year 91 403 87 697 11 959 3 638 Capital expenditure comprised: Freehold properties 953 161 711 45 Leasehold properties 190 95 191 16 Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683		Depreciation charged				
At end of the year 91 403 87 697 11 959 3 638 Capital expenditure comprised: Freehold properties 953 161 711 45 Leasehold properties 190 95 191 16 Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683		to operating income	(7 491)	(9 656)	(576)	(425)
Capital expenditure comprised: Freehold properties 953 161 711 45 Leasehold properties 190 95 191 16 Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683		Demerged assets		(37 599)		(1 832)
Freehold properties 953 161 711 45 Leasehold properties 190 95 191 16 Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683		At end of the year	91 403	87 697	11 959	3 638
Leasehold properties 190 95 191 16 Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683		Capital expenditure comprised:				
Leasehold properties 190 95 191 16 Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683		Freehold properties	953	161	711	45
Plant and equipment 7 850 2 670 5 724 662 Vehicles 2 918 2 532 2 340 683			190	95		1700
			7 850	2 670	5 724	662
11 911 5 458 8 966 1 406		Vehicles	2 918	2 532	2 340	683
			11 911	5 458	8 966	1 406

		INFLATION ADJUSTED HISTORICA			RICAL
		2003	2002	2003	2002
		\$m's	\$m's	\$m's	\$m's
18.	PROPERTIES, PLANT,				
	EQUIPMENT AND VEHICLES				
	(CONTINUED)				
	Disposals comprised:				
	CA				
	Freehold properties		5 297		878
	Leasehold properties	33	(207)	13	7
	Plant and equipment	79	(495)	3	27
	Vehicles	602	604	53	11
		714	5 199	69	923
		1.1	3 177	07	723
	Original cost and indexed cost of				
	fully depreciated assets still in use:				
	rany deprecated assets still in use.				
	Freehold and leasehold properties	996	1 017	1	2
	Plant and equipment	22 267	23 058	127	110
	Vehicles	1 880	3 195	27	32
	venicles	25 143	27 270		
		23 143	21 210	155	144
	Net book amount of assets				
	temporarily idle:				
	Diant and againment	00	174		-
	Plant and equipment	99	164	9	5

		INFLATION ADJUSTED HISTORICAL			
		2003	2002	2003	2002
		\$m's	\$m's	\$m's	\$m's
19.	INVESTMENTS, GOODWILL				
	AND OTHER LONG TERM				
	ASSETS				
10.1	A CCOCLATED COMPANIEC				
19.1	ASSOCIATED COMPANIES				
	Shares at cost	949	771	257	129
	Post acquisition distributable reserves	1 545	879	973	219
	1 ooc dequisition distributions reserves	2 494	1 650	1 230	348
					-
19.2	INVESTMENTS				
	Unquoted shares at cost	66	185	66	57
	N. 21.19.20				
19.3	LOANS				
	Secured	12	23	12	7
	Unsecured	1 108	931	1 108	284
	Chiseculed	1 120	954	1 120	291
		1 120	221	1 120	271
19.4	TRADEMARKS				
	At cost	836	840	2	2
19.5	GOODWILL COST				
	At beginning of the year		(3 674)		(92)
	Demerger of subsidiaries		3 674		92
	A MODELO AZIONA				
	AMORTISATION		2 025		100
	At beginning of the year		3 827		100
	Transfer to income for the year		220		22
	(note 7.6)		230		(122)
	Demerger of subsidiaries		(4 057)		(122)
	Total	1 516	2 620	2.410	600
	Total	4 516	3 629	2 418	698

19.6 Included in the Group's unsecured loans are loans of \$225,7 million (2002 - \$26,9 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 \$355,8 million was advanced and \$157,0 million repaid.

		INFLATION ADJUSTED		HISTORICAL	
		2003	2002	2003	2002
		\$m's	\$m's	\$m's	\$m's
20.	STOCKS				
	Consumable stores	12 601	7 206	9 158	1 192
	Containers	11 238	6 550	6 175	1 665
	Finished products	1 646	2 093	851	420
	Raw materials	18 100	8 761	15 585	2 306
	Products in process	198	551	733	168
		43 783	25 161	32 502	5 751
21.	DEBTORS				
	Trade debtors	5 996	4 690	5 996	1 430
	Prepaid expenses and other debtors	3 467	6 455	2 894	1 968
		9 463	11 145	8 890	3 398
22.	CREDITORS				
	Trade creditors	10 685	6 097	10 685	1 859
	Accruals and other creditors	9 290	11 008	9 290	3 356
	Dividends payable	267	1 489	267	454
		20 242	18 594	20 242	5 669
	Amounts are payable				
	within twelve months				
22	DIDECTOR OF THOMAS AT VITA				
23.	DIRECTORS' EMOLUMENTS				
	D : 11 1 : 1:				
	Paid by subsidiaries:	10	10		2
	For services as directors	10	10	6	2
	For managerial services	411	328	245	69
		421	338	251	71

		INFLATION ADJUSTED			
		2003	2002	2003	2002
		\$m's	\$m's	\$m's	\$m's
24.	CONTINGENT LIABILITIES				
	Guarantees	659	1 748	659	533
	Deferred taxation	2 102	2 903	2 102	885
		2 761	4 651	2 761	1 418
					10
	Litigation, current or pending, is not con	nsidered like	ely to		
	have a material effect on the Group.				
	The contingent liability for deferred				
	tax comprises:				
	Capital allowances in excess				
	of depreciation			2 283 476	811
	Prepaid expenses				482
	Amount provided in tax equalisation				(408)
		4	W	2 102	885
	Had deferred taxation for historical pur	5	.0		
	provided for in accodance with the				
	International Financial Reporting Stand				
	attributable to shareholders would ha				
	\$1,1 billion (2002 decrease – \$375 mil utable and headline earnings per share				
	2426,2 cents (2002 – 709,6 cents) and				
	698,4 cents) respectively.	2777,7 (20	02 -		
	070,4 cents) respectively.				
25.	NET FUTURE OPERATING				
	LEASE COMMITMENTS				
	Lease payments:				
	 Payable within one year 			77	56
	- Payable two to five years			358	176
	- Payable thereafter			110	137
				545	369

The majority of leases 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.

		HISTOR	HISTORICAL	
		2003	2002	
		\$m's	\$m's	
26.	COMMITMENTS FOR CAPITAL EXPENDITURE			
	Contracts and orders placed	1 401	243	
	Authorised by directors but not contracted	11 014	4 191	
		12 415	4 434	

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

PENSION FUNDS 27.

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

DELTA GROUP PENSION FUND

All Group employees are members of either Delta Beverages Pension Fund or the Megapak Pension Fund. The funds are independently administered defined contribution funds and are, accordingly, not subject to actuarial valuation shortfalls.

27.2 CATERING INDUSTRY PENSION FUND

This is a defined contribution scheme which covers employees in specified occupations of the catering industry. Certain employees of the Mandel Training Centre are members of this fund.

27.3 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 \$360 per month for each employee.

		INFLATION			
		ADJ	USTED	HISTORICAL	
		2003	2003 2002		2002
		\$m's	\$m's	\$m's	\$m's
27.4	PENSION COSTS RECOGNISED				
	AS AN EXPENSE FOR THE YEAR				
	Defined contribution funds	1 108	1 565	661	328
	National Social Security Authority				
	Scheme	49	85	29	18
		1 157	1 650	690	346

28. FINANCIAL RISK MANAGEMENT

28.1 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.

28.2 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.

28.3 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.

28.4 LIQUIDITY RISK MANAGEMENT

The Group has no liquidity risk as shown by its unutilised banking facilities of \$8 647 million (2002 – \$4 497 million) and the demand for its corporate paper.

28.5 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.

28.6 FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements.

AT :	31	MA	RCH	
------	----	----	-----	--

		INIEI	ATION		
			JSTED		
	Notes	2003	2002	2003	2002
		\$m's	\$m's	\$m's	\$m's
SHAREHOLDERS' FUNDS					
Share capital	13	20 408	20 408	44	43
Share premium	14	36 516	36 408	1 264	1 157
Distributable reserves	16	(50 309)	(37 376)	4 618	4 618
Proposed dividend	11	4 418	7 750	4 418	2 363
TOTAL CAPITAL EMPLOYED		11 033	27 190	10 344	8 181
LONG TERM ASSETS					
Investments in Associated Compani	es	853	715	216	125
Interest in Subsidiaries	Α	4 277	13 956	4 225	4 239
		5 130	14 671	4 441	4 364
CURRENT ASSETS					
Short term instruments	В	2 500	8 200	2 500	2 500
Debtors – dividends receivable		3 716	5 825	3 716	1 776
		6 216	14 025	6 216	4 276
Creditors – accruals and					
dividends payable		313	1 506	313	459
TOTAL EMPLOYMENT OF CAI	PITAL	11 033	27 190	10 344	8 181

AS AT 31 MARCH

	INFLA	TION		
	ADJU		HISTO	ORICAL
	2003 2002		2003	2002
	\$m's	\$m's	\$m's	\$m's
SIDIARIES				
ons	815	2 558	764	764
oany	3 462	11 398	3 461	3 475
	4 277	13 956	4 225	4 239
ire provided cluded				
TRUMENTS				
a right				
. It bears				
rates.	2 500	8 200	2 500	2 500

A INTEREST IN SUBS

Shares at cost less provision Indebtedness to the Compa

Details of all subsidiaries as in the Group structure incl elsewhere in this report.

B SHORT TERM INST

Financial instrument with of offset within the Group. interest at market related ra

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 and 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;

SAFETY, HEALTH AND ENVIRONMENTAL POLICY

- · 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
- 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.

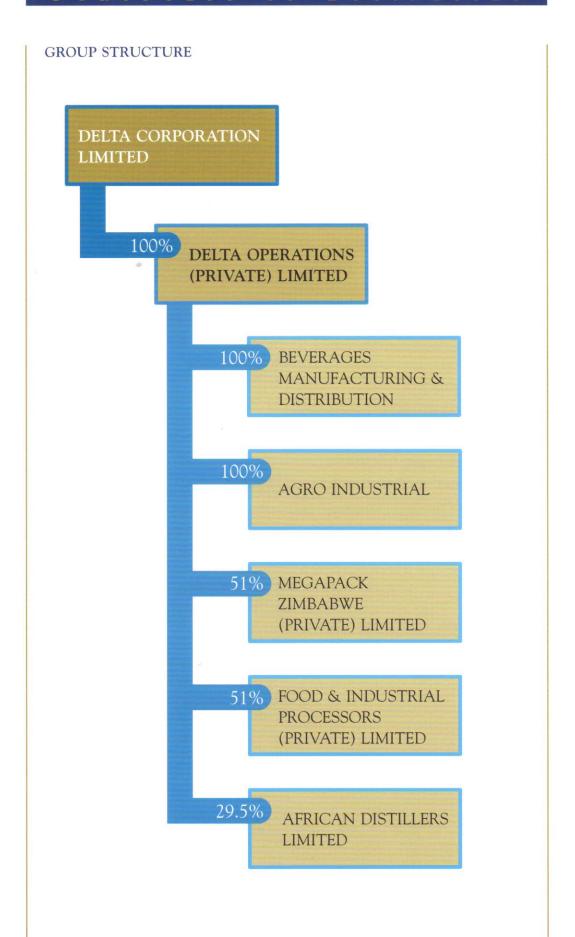
Delta Corporation Limited is a member of:

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

J.S. Mutizwa

Chief Executive Officer

16 May 2003



ACTIVITIES

BEVERAGES

MANUFACTURING AND DISTRIBUTION

LAGER BEER BUSINESS

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.

TRADITIONAL BEER BUSINESS

Brewing sorghum beer, 16 Breweries

Chibuku and Rufaro.

SOFT DRINKS BUSINESS

Bottling carbonated & non-carbonated soft drinks, 2 Bottling Plants

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

TRANSPORT AND DISTRIBUTION BUSINESS

Provision and maintenance of primary and secondary vehicles

& the distribution of beverage products,

25 Workshops, 19 Delta Beverage Centres

& 13 Sub-depots.

AGRO INDUSTRIAL

KWEKWE MALTINGS

Barley malting, 1 Malting Plant.

FOOD AND INDUSTRIAL PROCESSORS (PVT) LTD

Food processing, 1 Factory.

MEGAPAK (PVT) LTD

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

AFRICAN DISTILLERS LIMITED

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



G.D. Hollick

Dr. E.S. Mazhindu

S.J. Hammond

R.H.M. Maunsell

M.E. Kahari

W.H. Turpin

G.J. van den Houten

BOARD OF DIRECTORS

CHAIRMAN

Dr. R.M. Mupawose

B.Sc.; MSc(Agron)., Phd. ~

CHIEF EXECUTIVE OFFICER

J.S. Mutizwa

B.Sc.Soc.Sc.(Hons); MBA * ~

EXECUTIVE DIRECTORS

J. Koumides R.H.M. Maunsell Dr M.S. Mushiri

B.Acc. (Hons); CA(Z) * B.Bus.Sc; CA(Z); CA(SA)B.Sc.(Hons); MSc.Phd.

NON-EXECUTIVE DIRECTORS

S.J. Hammond A.J. Hermann G.D. Hollick M.E. Kahari Dr. E.S. Mazhindu A.C. Parker T.N. Sibanda W.H. Turpin

G.J. van den Houten

B.Comm; CA(Z) #

FCIS; FIBSA ~ BA * M.B.Ch.B.(Natal) B.Econ (Hons) B.Acc; CA(Z) * BA; LLB *~

B.Sc.Eng.; B Comm; MBL



A.C. Parker

Dr. R.M. Mupawose

Dr M.S. Mushiri

A.J. Hermann

J.S. Mutizwa

J. Koumides

SENIOR MANAGEMENT

J.S. Mutizwa	B.Sc.Soc.Sc.(Hons); MBA *
J.Koumides	B. Acc.(Hons); CA(Z) *
R.H.M. Maunsell	B. Bus. Sc.; CA(Z); CA(SA)
Dr M.S. Mushiri	B.Sc.(Hons); MSc.Phd
P. Gowero	B.Sc.Econ(Hons); MBL
M.R. Makomva	B.Acc(Hons); CA(Z); MBL

H.D. Gaitskell

FCIS

J.H. Manyakara

B.Admin(Hons)

A.T. Wright

B.Sc.Eng.; M.Sc; MBA

Chief Executive Officer

Executive Director-Operations

Executive Director-Finance

Executive Director-Manufacturing

Director-Sales and Distribution

Managing Director-

Megapak Zimbabwe (Pvt) Limited

Company Secretary

Director-Human Resources

Director-Information Technology

^{*} Member of the Group Audit Committee

[~] Member of the Remuneration Committee

[#] Alternate to G D Hollick

Notice is hereby given that the Fifty Sixth 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 25 July 2003 at 1200 hours for the following purposes:

ORDINARY BUSINESS

- 1. To receive and adopt the Financial Statements for the year ended 31 March 2003, together with the Report of the Directors and Auditors thereon;
- 2. To appoint Directors.

Mr N.J. Adami resigned from the board on 14 February, 2003. Simultaneously Mr G.J. van den Houten was appointed in his stead.

Mr J. Koumides resigned from the board on 16 May 2003.

Dr. R.M. Mupawose and Mr M.E. Kahari retire by rotation and Mr G.J. van den Houten retires at the conclusion of his interim appointment. All being eligible they 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 non-executive Directors.
- 2. To resolve as a special resolution the adoption of substituted Articles of Association.*
 - * Substituted Articles of Association will be available for inspection at the Registered Office of the company for 14 days prior to the Annual General Meeting.

BY ORDER OF THE BOARD

H.D. GAITSKELL

Hgu D. Cionsdell

Company Secretary

Sable House

Northridge Close

Borrowdale

Harare

Zimbabwe

30 June 2003

Size of Shareholding	Number of Shareholders	Issued %	Shares	%
1 to 5,000	1 917	62,2	2 540 420	0,3
5,001 to 10,000	310	10,1	2 318 309	0,3
10,001 to 25,000	275	8,9	4 519 165	0,5
25,001 to 50,000	181	5,8	6 614 098	0,8
50,001 to 100,000	116	3,7	8 538 427	1,0
100,001 to 200,000	95	3,2	13 712 440	1,5
200,001 to 500,000	89	2,9	27 684 672	3,1
Over 500,000	98	3,2	817 639 830	92,5
in the second	3 081	100,0	883 567 361	100,0
Category				
Local Companies	121	3,9	15 599 125	1,7
Foreign Companies	5	0,1	247 075 838	27,9
Pension Funds	121	3,9	113 882 425	12,9
Nominees, local	123	4,0	96 589 384	10,9
Nominees, foreign	18	0,6	9 294 440	1,1
Insurance Companies	34	1,1	162 504 021	18,4
Resident Individuals	1 885	61,2	19 359 462	2,2
Non Resident Individuals	227	7,4	3 131 163	0,3
Investments & Trusts	457	14,8	211 114 246	24,0
Deceased Estates	5	0,2	485 090	0,1
Other Organisations	85	2,8	4 532 167	0,5
	3 081	100,0	883 567 361	100,0

Included in the category of '500 001 shares and over' is Delta Employee Participation Trust Company (Private) Limited which holds $8\ 861\ 240$ shares on behalf of $3\ 236$ employees who participate in the scheme.

TOP TEN SHAREHOLDERS

Shareholder	2003	%	2002	%
Old Mutual Life	172 469 899	19,5	143 174 429	16,4
Rainier Inc.	147 387 728	16,7	136 393 829	15,6
OM Portfolio Holdings Ltd	102 522 144	11,6	102 522 144	11,7
SABmiller Zimbabwe BV	82 760 600	9,4	76 587 348	8,8
Post Office Savings Bank	49 560 220	5,6	49 560 220	5,7
Barclays Zimbabwe Nominees P/L	36 677 395	4,1	31 592 461	3,6
Old Mutual Zimbabwe Ltd	30 824 875	3,5	30 824 875	3,5
National Social Security Authority	29 750 646	3,4	65 758 961	7,5
Browning Investments NV	16 925 153	1,9	15 662 676	1,8
First Mutual Life Assurance Society	14 905 458	1,7		
Other	199 783 243	22,6	222 999 020	25,4
	883 567 361	100,0	875 075 963	100,0

2003	%	2002	%
272 822 790	31,9	276 785 648	31,6
247 073 481	28,9	228 643 853	26,1
519 896 271	60,8	505 429 501	57,7
	272 822 790	272 822 790 31,9	272 822 790 31,9 276 785 648
	247 073 481	247 073 481 28,9	247 073 481 28,9 228 643 853

RESIDENT AND NON-RESIDENT SHAREHOLDERS

Resident Non-Resident			624 047 959 251 028 004	71,3 28,7
0	853 567 361	100,0	875 075 963	100,0

SHARE PRICE INFORMATION

Mid Range Price at:

30 June 2002	8 125 cents
30 September 2002	14 250 cents
31 December 2002	17 500 cents
31 March 2003	19 150 cents

Price Range:

24 100 cents Highest: 28 March 2003 Lowest: 26 April 2002 6 350 cents

CALENDAR

Fifty Sixth Annual General Meeting	25 July 2003
Financial Year End	31 March 2004

Interim Reports:	Anticipated Dates:
6 months to 30 September 2003	November 2003
12 months to 31 March 2004 and final dividend declaration	May 2004
Dividend Payment Date – final	July 2004
Annual Report Published	July 2004

SHAREHOLDERS' ANALYSIS AND CALENDAR

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