DELTA

Delta Corporation Limited | Annual Report 2006

DELTA CORPORATION
LIMITED

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DELTA

Delta Corporation Limited | Annual Report 2006

Organisational Vision

STRATEGIC INTENT

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

MISSION

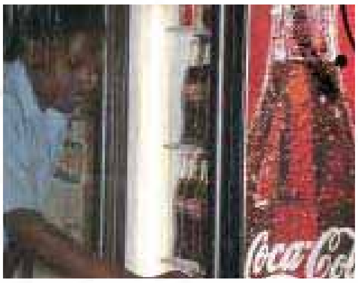
To grow the value of the business in real terms on a sustainable basis.
We will achieve this through offering our customers outstanding service and through rigorous attention to the health of the business at all times. By so doing we will seek to enhance the value we create for all our stakeholders.

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."



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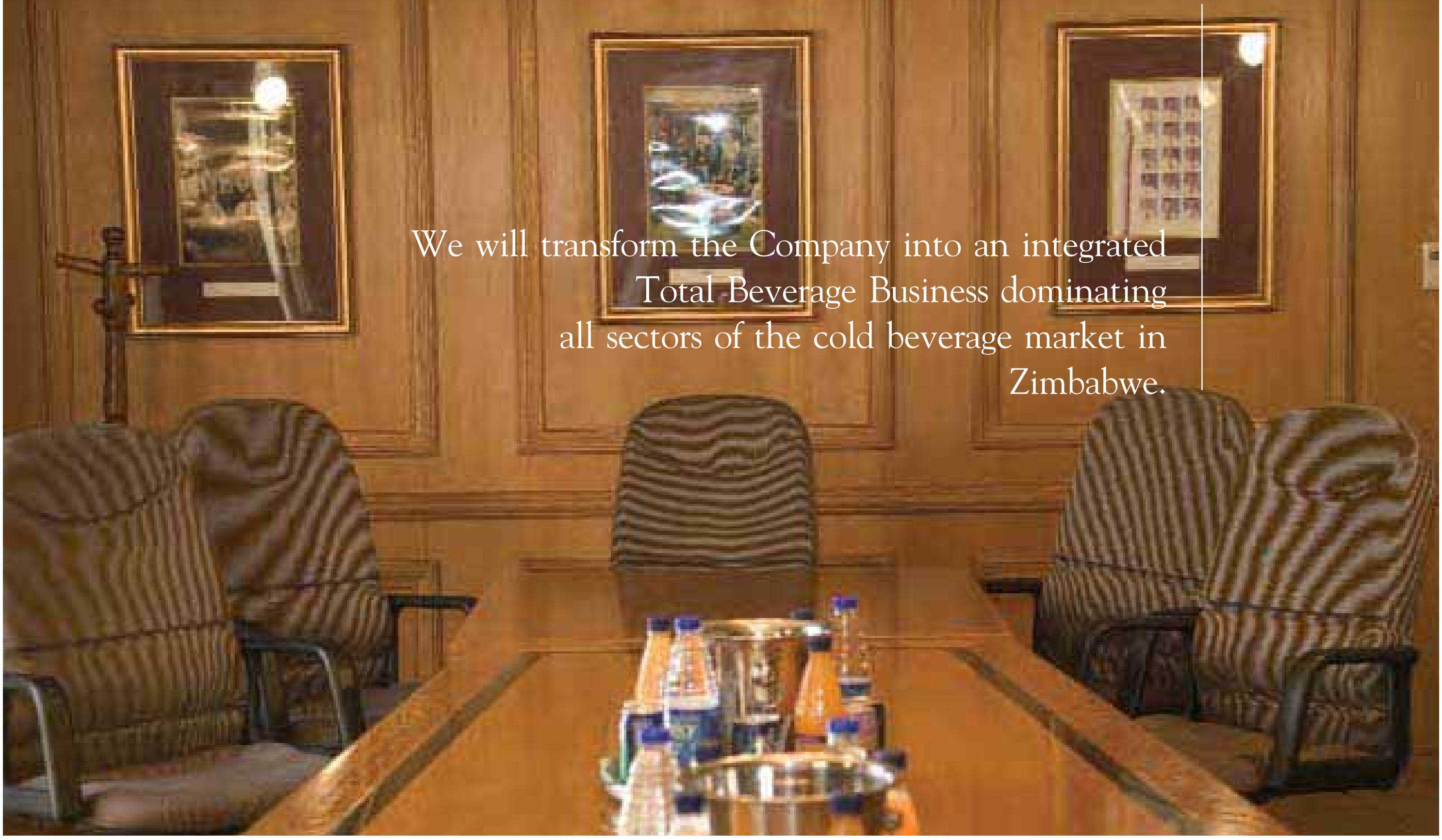

We will transform the Company into an integrated Total Beverage Business dominating all sectors of the cold beverage market in Zimbabwe.

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Core Values

Our People are our enduring advantage

- The calibre and commitment of our people set us apart
- We value and encourage diversity
- We select and develop people for the long term
- Performance is what counts
- Health and Safety issues receive priority attention

Accountability is clear and personal

- We favour decentralized management and a practical maximum of local autonomy
- Goals and objectives are aligned and clearly articulated
- We prize both intellectual rigour and passion for our work
- We are honest about performance
- We require and enable self-management

We work and win in teams

- We actively develop and share knowledge within the group
- We consciously balance local and group interests
- We foster trust and integrity in internal relationships
- We encourage camaraderie and a sense of fun

We understand and respect our customers and consumers

- We are endlessly concerned with our customers' needs and perceptions
- We build lasting relationships, based on trust
- We aspire to offer the preferred choices of product and service
- We innovate and lead in a changing world

Our reputation is indivisible

- Our reputation relies on the actions and statements of every employee
- We build our reputation for the long term
- We are fair and ethical in all our dealings
- We benefit the local communities in which we operate
- We endeavour to conduct our business in an environmentally sustainable manner

Financial Highlights

HISTORICAL

	2006	2005
GROUP SUMMARY ($ billion)		
Turnover	13 483	2 348
Cash value added	6 103	1 313
EBITDA	3 761	660
Income after taxation	2 840	490
Attributable and headline earnings	2 449	460
Funds on hand	155	281
Total assets	8 110	1 171
Market capitalisation	38 551	4 098
SHARE PERFORMANCE (dollars)		
Earnings per share		
– attributable and headline earnings basis	2 437,7	488,9
– cash equivalent earnings basis	2 151,5	484,7
Cash flow per share	862,0	447,0
Dividends per share	500,0	154,0
Net asset value per share	4 231,6	623,4
Market price per share	38 000,0	4 100,0
FINANCIAL STATISTICS		
Return on equity (%)	76,6	78,7
Operating margin (operating income to net sales) %	36,3	36,1

Chairman's Statement

Dr Robbie M Mupawose

CHAIRMAN

INTRODUCTION

The economic environment for the past year has been one of decline. Inflation has risen steadily since the trough in March 2005 and closed the year at 913%. The supply of foreign currency has been inadequate in most areas of the economy, and in the first half of the year resulted in fuel shortages so severe that deliveries had to be curtailed. Regular changes to the foreign currency regulations and procedures have increased uncertainty for both exporters and importers. Economic policy decisions have not, to date, succeeded in curtailing inflation, creating employment or encouraging investment.

Rising inflation, falling employment and contraction of the informal sector have led to a fall in consumer disposable income. Firm demand was seen in the first quarter of the financial year, but as rising inflation started to bite demand fell off and the remainder of the year has been characterised by soft demand and greater price sensitivity. Beverage volumes for the year are 15% below those of the previous year, and whilst this is mainly attributable to fall in demand, there were some disruptions to production due to difficulties in sourcing certain imported raw materials. In the first half of the year certain lager brands were in short supply as a result of a shortage of closures and in March the market went without carbonated soft drinks for almost three weeks as a result of difficulties encountered in clearing outstanding foreign currency debts. These matters have been dealt with and production has been fully restored. However, while a general shortage of foreign currency remains, there is a risk of future disruptions.

The winter barley crop harvested in October 2005 was much improved on the rain damaged crop of the previous year and sufficient to provide all requirements for the both local usage and export through to the next winter season. The 2005/2006 summer crop is likely to be better than that of the previous year but maize output may fall short of national requirements. Sorghum on hand is sufficient to cover our needs.

A new sorghum-based lager, Eagle, was launched in late September and is priced at a discount to the mainstream lagers. Since its release in a 750ml bottle, the volume has stabilised at a most satisfactory level of a little over 10% of total lager sales. The company has on hand an adequate supply of the low tannin sorghum which is used for this beer.

With effect from 1 November, the Company acquired 38% of Ariston Holdings Limited, and in February 2006 this was increased to just over 40%. With this holding, and proxies for a further 15%, the Company is in a controlling position. Ariston is a company listed on the Zimbabwe Stock Exchange involved in the production of tea, coffee, timber, fruit, flowers and nuts primarily for export and a certain amount of livestock production mainly for the local market. There are synergies between Ariston and the beverages business in the potential to supply grain and hops inputs and the value of brewery spent grains as a livestock feed, but primarily this is viewed as a non-core investment into a business which can supply beverage operations with access to foreign currency earnings. Ariston experienced a late start to the rains, but demand for all products has been strong and production levels and prices are generally improved though the low exchange rate applicable to a portion of export proceeds has constrained profitability. From a group point of view this acquisition has yielded a steady flow of foreign currency which has been largely applied to clearing outstanding creditors.

Plastic packaging sales volumes from Megapak have decreased 18% with sales adversely affected by lower sales of carbonated soft drinks and the virtual collapse of local production of cooking oil due to the shortage of raw material for oil expressing.

The glass furnace in Gweru has had a most satisfactory first full year of production, fully supplying beverage needs and commencing export sales to the region.

FINANCIAL RESULTS

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

Historical attributable income growth matched average inflation of 427% for the year but not the 913% year on year inflation. In comparison to last year, gross margins improved slightly, but overheads increased ahead of inflation due to wage settlements which were higher than inflation and the impact of exchange rates on fuel and spares. Net finance income takes into account an exchange loss of $562 billion incurred in clearing the backlog of foreign creditors which occurred as a result of the change in procedures for accessing foreign currency.

Chairman's Statement |Continued|

The financial statements include the results of Ariston Holding Limited for the five months since the date of acquisition. These have been consolidated rather than treated as an associate due to the controlling vote that the Company exercises. When the profit related to outside shareholders has been eliminated, the result attributable to shareholders of the Company amounts to $182 billion.

In the second half of the year cash has been utilised in the build up of stock, in particular the purchase of the barley crop in October, and in the settlement of the backlog on foreign creditors. Cash at year end amounted to $155 billion.

The inflation adjusted financial statements show turnover and operating income at a standstill. The income statement is dominated by a monetary loss of $4,6 trillion which matches operating income and demonstrates the impact of raging inflation on the balance sheet. Included in this monetary loss is $1,7 trillion which arises as a result of an increase in deferred tax calculated in respect of the assets recorded in the prior year balance sheet, in the past this increase was treated as an adjustment to reserves, but this year in compliance with a ruling from the International Financial Reporting Standards setting body it is shown against current income.

As income, value added and excise taxes are largely turnover based, the contribution to the fiscus continues with $3,1 trillion being paid to the Government, an increase of 405%.

The Directors are of the opinion that tight monetary policy and high interest rates will obtain for at least the next six months and that even seasonal borrowings are to be avoided. Accordingly it has been decided to conserve cash by increasing dividend cover and by offering an option of a scrip dividend as an alternative to cash. Accordingly the dividend cover has been increased from 3 times to 4,8 times.

INVESTMENT AND FUNDING

Capital expenditure during the year amounted to almost $657 billion and total investment in containers amounted to a further $313 billion. In addition to this $39 billion in cash and 12 472 682 shares were invested in a 40% interest in Ariston Holding Limited.

DIRECTORS AND COMPANY SECRETARY

In November 2005 Messrs Turpin and Hermann retired from the board having served for 23 and 6 years respectively. They have provided wise counsel, particularly during times of great business uncertainty and their contribution will be missed.

With effect from 31 December 2005 Mr H D Gaitskell stood down as company secretary pending his retirement from the company at the end of April 2006 having been with the company for 27 years, 25 of those as company secretary, a post which he served with distinction. Mr A Makamure has been appointed company secretary from 1 January 2006.

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 27 to the financial statements. Also disclosed is a contingent liability for $85,5 billion; whilst this is a large amount, under present levels of inflation and current taxation legislation, this contingency is extremely remote.

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.

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.

The environment in which the Company operates is subject to such levels of change that regular reassessment of risk is necessary to protect the Company. In view of this, 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 then updated whenever a change is noted or anticipated.

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

Safety committees have been in place throughout the Company, and the Group Safety, Health and Environment manager ensures adherence to all necessary safety practices. Internationally accepted key indicators have been introduced to measure safety performance and safety, health and environment training for all safety representatives and for management have been introduced.

The Company continues to provide access to anti-retroviral therapy to all the Company's permanent staff and their families. The number of staff members who have taken up the anti-retroviral therapy program has in the past been reported as well below suspected levels of infection, but this is changing and the number is steadily increasing. Medical services continued to be provided to staff at the Main Clinic and Consulting Rooms in Harare as well as at the satellite clinics at some of our operations in Harare and Bulawayo, under the professional guidance of our Medical Officer.

During the year the Company, once again, demonstrated commitment to the development of the communities in which we do business through community based projects that assist in education, develop sporting capacity and provide assistance to medical institutions.

The Schools Assistance Programme continued for its tenth year with three further classroom blocks being constructed at underdeveloped schools. Together with the Coca Cola Foundation a further seven schools were identified and projects started, all will be officially handed over in the coming year. The annual support for forty 'A' level students coming from economically disadvantaged backgrounds but having high academic potential was continued this year.

Through various initiatives the Company maintained strong support for the arts and culture and in recognition of this the Company was awarded a National Arts Merit Award for 2005.

The Company has continued with long-standing support for sport with sponsorship for the Millennium Sports Academy and by way of brand based contributions to soccer, cricket, tennis, fishing, horse racing, athletics, basketball and rugby.

As the leading brewer in the country, Delta is committed to promoting responsible consumption of its products and combating abuse. This is done by taking a leading role in the Zimbabwe Alcoholic Beverages Manufacturers Association (ZABMA) which contributed to campaigns aimed at responsible manufacturing, marketing and consumption of alcoholic beverages. In addition the Company has been promoting the Alcohol Manifesto which aims at promoting responsible alcohol usage; the emphasis this year has been on educating employees.

HUMAN RESOURCES

The business enjoyed relatively sound industrial relations during another year of a tough operating environment. This, to a large measure, is attributable to effective collaboration between management and the worker leadership. Notable achievements during the year included successful collective bargaining at all units and the launch of a harmonised Conditions of Service booklet.

The investment in establishing Mandel Training Centre, the Delta Technical Institute and the Delta Driver Training Centre continued to pay off.

The thrust at Mandel Training Centre was on leadership development, sales and distribution excellence training and IT training. 3 657 participants attended courses at the Centre, devoting 25 328 participants training days. The drive to grow future leaders for the business remains in place with 51 management trainees from various disciplines undergoing training.

The Delta Technical Institute focuses on technical training and the major activity was in apprenticeship training where 329 apprentices received training. Of these 39 qualified, with 24 of these being absorbed into the business. The operator training continued to be targeted at improving plant efficiencies and product quality.

The focus at the Delta Driver Training Centre continued to be on specialist training for drivers of our fleet aimed at contributing towards the reduction of traffic accidents, improving vehicle operating standards and reduction in associated costs. 613 motor vehicle drivers participated in various courses run at the Centre with 387 of them having undergone specialised driver assessment. 377 forklift operators were trained during the year.

FUTURE PROSPECTS

The summer agricultural season has been an improvement on the prior year and will bring some relief as a result of reduced import requirements. Sustained economic recovery will require significant changes to economic policies. Inflation is expected to continue rising and, although there may be a technical adjustment downwards in July, the upward trend will resume unless steps are taken to secure funding from non-inflationary sources. With rising inflation real incomes will not keep pace and disposable incomes are going to be constrained. We are supportive of the initiative currently underway to make policy changes and to raise funding. For this to translate into economic recovery it is essential that measures do not stop short of the required changes.

Our focus in the coming year is on cost containment, cashflow generation and a review of the product range with the intention of introducing a lower cost and more affordable range of carbonated soft drinks.

APPRECIATION

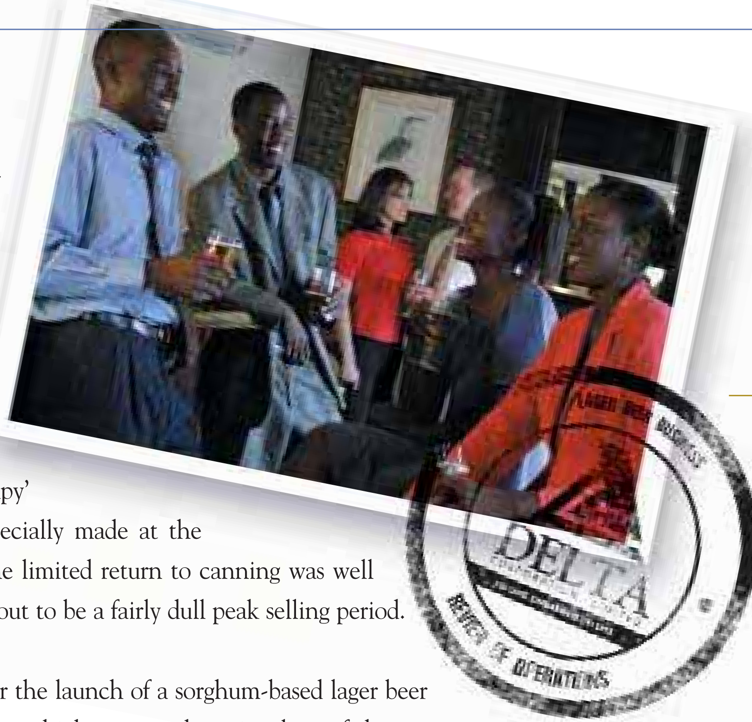
This has not been an easy year and the one ahead shows little sign of recovery. I wish to thank all employees for their continued efforts during the year and my fellow directors for their support.

Dr Robbie M Mupawose
CHAIRMAN
12 May 2006


FIFA
THE PREMIUM AFRICAN LAGER
FINEST
18
95
CASTLE
LAGER
BREWED WITH CARE USING ONLY THE FINEST NATURAL INGREDIENTS
QUALITY

Review of Operations

The 2005 Castle Milk Stout Jazz Promotion brought top regional artists to Zimbabwe and put together on stage regional and local jazz musicians.



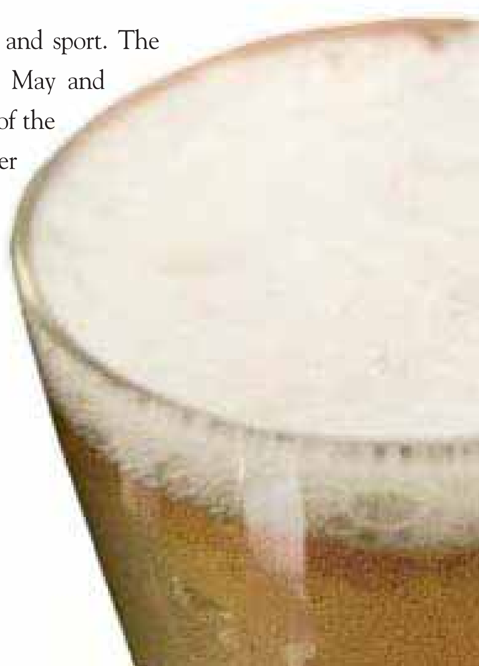
LAGER BEER

Lager beer volumes fell by 9% compared to last year. Whilst there were some difficulties encountered in the first half of the year in respect of certain raw materials and fuel supplies for delivery, this drop primarily reflects a softening of demand as rising inflation took its toll on consumer discretionary spending.

For the Christmas season there was a moment of nostalgia as a special run was done of the once popular 'Dumpy' – the 340ml non-returnable glass bottle. The glass was specially made at the Gweru glass factory for the occasion. This, together with the limited return to canning was well received and created a little excitement during what turned out to be a fairly dull peak selling period.

At the end of September 2005 the months of preparation for the launch of a sorghum-based lager beer came to fruition with the launch of Eagle Lager, a lager beer which uses sorghum in place of the more usual malted barley. This brand, which belongs to SABMiller, has proved successful in a number of countries to the north of Zimbabwe. It is attractive from an agronomic point of view in that it makes use of a hardy, drought resistant grain widely produced by small scale farmers instead of barley which relies on winter irrigation. Right from the beginning of the project the Government has been supportive of this new venture and has approved a favourable excise rate which allows the product to be sold at a competitive price. Eagle was initially launched in the 375ml 'pint' bottle, and then in February 2006 was released in the 750ml bottle.

The lager beer business has continued with brand sponsorship of charities, cultural events and sport. The 46th running of the Castle Tankard, Africa's oldest sponsored horse race, took place in May and continues to be one of Zimbabwe's premier horse races. Zambezi Export Lager was again one of the major sponsors of the Kariba International Tiger Fishing competition, one of the premier freshwater fishing competitions on the continent, attracting 173 teams including some from outside the country. Carling Black Label sponsored the highly successful Pool Tournament which attracted players from across the country. The Zambezi Iron Will Eco-Challenge, a triathlon event which combines mountain climbing, cycling and canoeing raised a total of $187 million for charity. Lion brand sponsored the Global Stage at the Harare International Festival of the Arts. The 2005 Castle Milk Stout Jazz Promotion brought top regional artists to Zimbabwe and put together on stage regional and local jazz musicians.




CONTAINER

The finals for the Chibuku Road to Fame competition took place for the fifth time in October; this competition seeks to nurture local musical talent and to further the careers of the best through recording contracts.

TRADITIONAL BEER BUSINESS

Chibuku volumes ended the year 7% down on last year. This was as a result of a deliberate policy to limit sales towards the end of the financial year due to the extremely tight supply situation of maize, one of the main raw materials. Demand during the year remained strong.

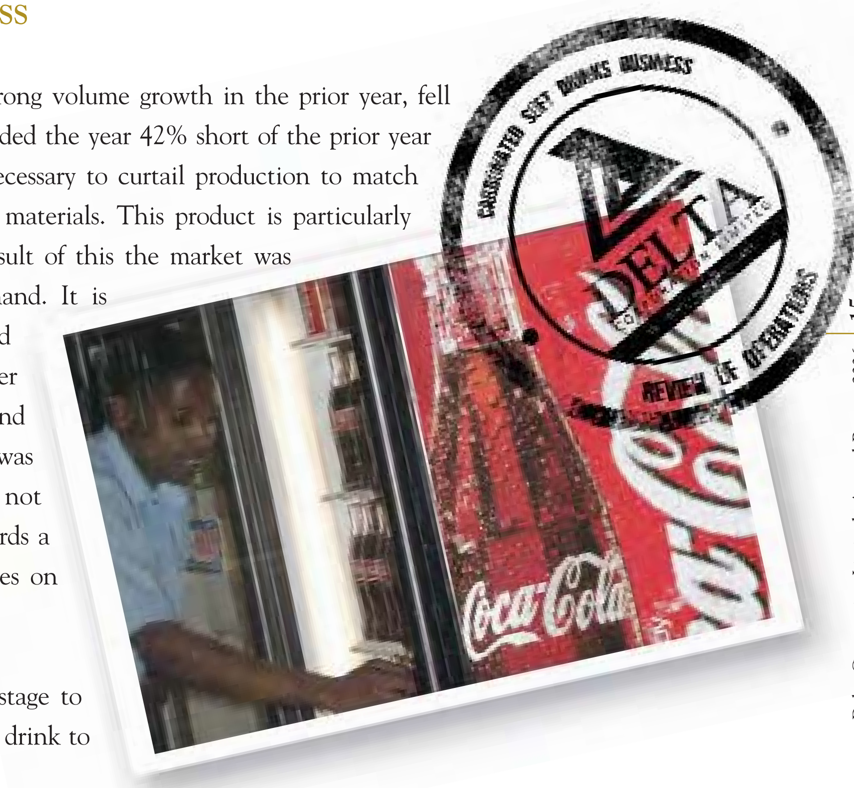
In the Chibuku Neshamwari Traditional Dance Festival competition, an adult traditional dance competition which seeks to encourage dance traditions from all over the country, ten dance groups competed in the finals in the Harare Gardens in September 2005. The finals for the Chibuku Road to Fame competition took place for the fifth time in October; this competition seeks to nurture local musical talent and to further the careers of the best through recording contracts. The three winning groups in this competition launched their debut CD's at the Zimbabwe College of Music in February 2006. Chibuku brand has since 2001 hosted the 'Scud' Tertiary Soccer Tournament which involves Teachers' Colleges, Polytechnics and Universities.


Coca-Cola
BOTTLE FOR BEVERAGE USE ONLY
RETURN FOR DEPOSIT
.2FM

During the year it became necessary to curtail production to match the currency that was available to import raw materials. This product is particularly dependent on imported raw materials.

CARBONATED SOFT DRINKS BUSINESS

Carbonated Soft Drink volumes, after strong volume growth in the prior year, fell dramatically in the current year and ended the year 42% short of the prior year volumes. During the year it became necessary to curtail production to match the currency that was available to import raw materials. This product is particularly dependent on imported raw materials. As a result of this the market was undersupplied as production fell short of demand. It is however clear that the price increases occasioned by raw material prices moving considerably faster than inflation have reduced overall demand and that by year end the actual level of production was not substantially below demand. This is not unexpected as this product tends to move towards a 'luxury' category when there are severe pressures on disposable income in times of high inflation.



In response to this, plans are at an advanced stage to bring a more affordable range of carbonated soft drink to the market.

During the year Coke Light came to the market in cans and during 2006 it will replace Diet Coke in returnable glass and PET plastic.

Two experiential marketing events were held during the year; the Fanta Mega Music Party in Bulawayo and the Sprite DJ Competition in Harare.

The Delta Beverages Soft Drinks business in close association with Coca-Cola Central Africa has a longstanding association with sports and culture development. This year saw the fourth year of School's Rugby sponsorship, the Coca-Cola NASH soccer tournament which was launched in 1989 and sponsorship of schools basketball through brand Sprite.


premier
PLUS
Mahewu
600ml

This is a segment of the beverage market with relatively low barriers to entry and low margins, so efforts in the new year will be directed towards improving volumes and rationalising production to increase profitability.

NON-CARBONATED BEVERAGES

Rainbow Beverages

Rainbow Beverages Division range of non-carbonated beverages showed a 14% increase in volumes as a result of the release towards the end of the previous year of the a new product, Premier Plus Maheu. This product range benefited to a degree from the undersupply of carbonated soft drinks in the market.

This is a segment of the beverage market with relatively low barriers to entry and low margins, so efforts in the new year will be directed towards improving volumes and rationalising production to increase profitability.

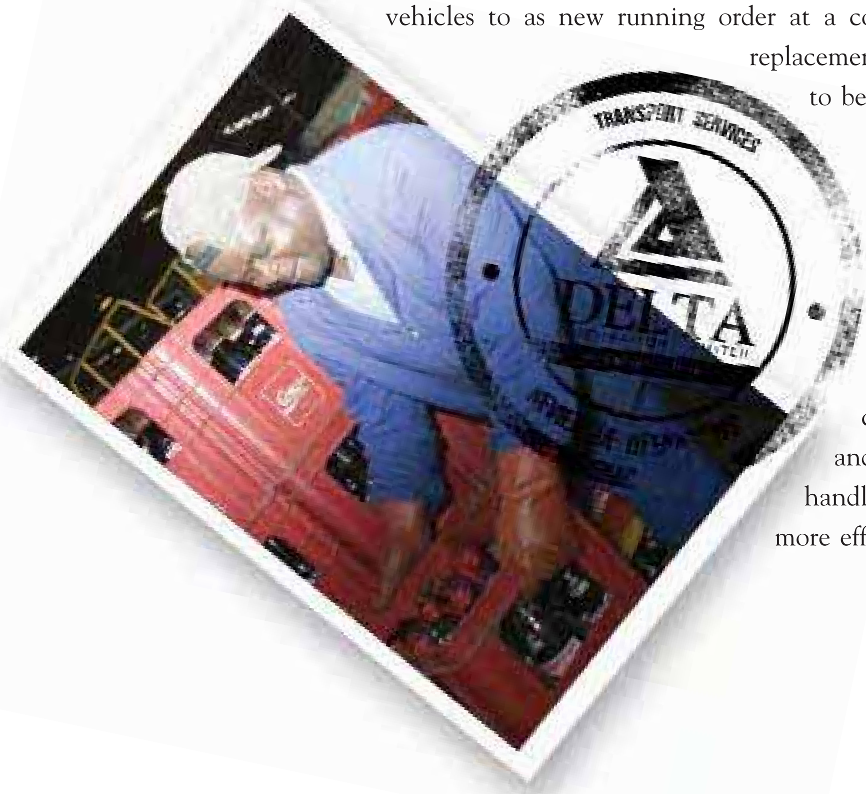

BREWED FROM THE FINEST SORGHUM, SUGAR, HOPS AND WATER
Eagle
Lager
5% Alc/Vol.
Eagle
Lager
Celebrate Our Taste.
Alcohol may be hazardous to health if consumed to excess, the operation of machinery or d
the consumption of alcohol is not advisable. NOT FOR SALE TO PERSONS UNDER THE AGE OF
AAF 9963

In this year the maintenance team initiated a project aimed at rebuilding accident damaged vehicles with a view to determining whether it was possible to restore such vehicles to as new running order at a cost which is more attractive than replacement. To date this project has proven to be most successful.

DISTRIBUTION & TRANSPORT SERVICES

Transport Services handles the distribution of beverages around the country through management of the Company's own heavy vehicles, trailers and forklifts, and through the use of outside hauliers.

In this year the maintenance team initiated a project aimed at rebuilding accident damaged vehicles with a view to determining whether it was possible to restore such vehicles to as new running order at a cost which is more attractive than replacement. To date this project has proven to be most successful.



The fleet requires constant replacement to maintain an efficient age profile and this year ten heavy vehicles, thirty-nine trailers and twelve forklifts were acquired. Two new dis-tribution centres were constructed in Mvurwi and Gokwe. These are designed to handle all beverages and to facilitate more efficient access to these key markets.


FIBA
OFFICIAL
SIZE-WEIGHT
INFLATE 7 TO 9 LBS
MOISTEN NEEDLE
BEFORE INSERTING
MADE IN THAILAND
7
Sprite
SOFT DRINK

The Company has a long history of breeding new barley varieties for the local market. A new variety, Odzi, has been bred for robust disease resistance and higher dormancy characteristics.

MALTINGS BUSINESS

The volume of malt sold has decreased by 21% primarily as a result of the poor out turn to the 2004 winter barley crop which suffered from in-field germination due to prolonged early rains. This meant that while there was adequate supply for local needs, exports had to be curtailed until the 2005 winter crop was harvested and came out of dormancy. In order to reduce the risk of pre-germination and to minimise the impact on exports of the reduced crop brought forward early planting was incentivised and varieties with higher resistance to early germination were encouraged. The out turn for the 2005 crop has fully met expectation and the Company has re-engaged export customers.

The Company has a long history of breeding barley varieties for local conditions, but it has been some time since a new variety has been brought to the market. This year has seen the first full scale farm planting of a new variety; this variety, named Odzi, has been bred for robust disease resistance and higher dormancy characteristics. Another new variety will be released in the next winter cropping season.

MEGAPAK ZIMBABWE

Volumes for the year were 18% down on the prior year. The impact could be seen mainly in the PET factory which has suffered from reduced production of carbonated beverages and the reduced demand from the edible oil industry which in the early part of the year was affected by price controls which reduced viability and then later in the year by a severe lack of cotton seed and soya beans for the production of raw oil.

The availability of potable water in the Ruwa area which has been an expensive problem at Megapak for many years has much improved as a result of bridging finance provided by the Company for the necessary kilometre pipeline linking the new water purification plant to the Ruwa reservoir.

During this year work commenced on designing and acquiring capital equipment for an exciting new project which will enable the Company to recycle plastic crates and certain other plastic materials.

This project will bring the Company closer to international best practice and will involve buying back from the market damaged crates for use in production. This has the dual affect of both being environmentally friendly and replacing imported raw materials with material locally available.

HEADEND

Headend Enterprises (Private) Limited operates a glass factory in Gweru which commenced operations in November 2004. In this its first full year of operations the Company has produced some 18 800 tonnes of glass. Two thirds of this output was in respect of Carbonated Soft Drinks and Beer bottles, mostly for Delta Beverages, but included for the first time an export of seven million beer bottles to Zambia. Of the remainder, slightly under 30% goes to the local liquor/wine industry and the rest to pharmaceuticals, food and kitchenware in relatively small proportions.

The export market is very demanding as regards price competitiveness and quality, and therefore of the finishing equipment needed to attain that quality. Export proceeds have been used to acquire equipment that will allow quality certification which will in turn provide access to certain regional export markets. The quality of glass now being achieved is such that the Company has recently become an approved supplier of bottles to the Coca-Cola Company and thus to franchise bottlers in the region; whilst exports are yet to commence this is a most satisfactory quality milestone to have passed.


Natbrew
HE MARK OF THE FINEST MALT


K's
MOUNTAIN DEW
TEA

The majority of Ariston's production is in commodities for the export market where prices are dominated by international positions and cannot be significantly dictated by Ariston.

ARISTON

With effect from 1 November, the Company acquired 38% of Ariston Holdings Limited, by the year end this had increased to just over 40%. At 31 March 2006 Ariston reported on the first six months of its financial year. Of this, five months have been accounted for by the Group.

The majority of the Company's production is in commodities for the export market where prices are dominated by international positions and cannot be significantly dictated by the Company.

Whilst cropping was delayed slightly by the late onset of the rains, yields have generally improved. Tea yields are up and the prices are good due to the drought in Kenya. Macadamia nuts had record production levels and better quality than has been the case in the recent past, however prices were marginally lower. Flower volumes were slightly reduced and prices were firm. The output of fruit increased, quality was affected by excessive rains later in the season and by hail damage.

Report of the Directors

The Directors present their Fifty Ninth Annual Report and the Audited Financial Statements of the Group for the year ended 31 March 2006.

YEAR'S RESULTS

		$m's	$m's
Earnings attributable to shareholders			2 448 891
Less: Dividends			
Interim:	$180 per share paid January 2006	182 212	
Final:	$320 per share payable July 2006	324 639	
Total:	$500 per share (2005 – $ 154)		506 851
			1 942 040
Add: Distributable reserves at beginning of year			416 019
Transfer from non-distributable reserve			6
Distributable reserves at end of year			2 358 065

FIXED ASSETS

Capital expenditure for the year to 31 March 2006 totalled $657 billion. The capital expenditure for the year to 31 March 2007 is planned at $8 486 billion.

INVESTMENTS

The Company's effective shareholding in African Distillers Limited is 30,7%, that in Ariston Holdings Limited was at 40,08%

SHARE CAPITAL

The authorised share capital of the Company has been increased to 1 400 000 000 ordinary shares of 5 cents each (2005 – 1 100 000 000). The issued share capital has increased by the allotment of 15 011 082 ordinary shares. A total of 12 472 682 ordinary shares were allotted in consideration for the purchase of shares in Ariston Holdings while 2 538 400 were allotted in accordance with the share option schemes.

The issued share capital, therefore, is $50,7 million with a share premium of $466 308 million. The number of shares currently under option is 36 535 200.

RESERVES

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

Report of the Directors

DIRECTORS

Dr R M Mupawose and Dr E S Mazhindu together with Messrs M E Kahari, G van den Houten and P Gowero are due to retire by rotation. All being eligible, they will offer themselves for re-election. Messrs W H Turpin and A J Hermann retired from the Board on 30 November 2005 having served for 23 and 6 years respectively.

AUDITORS

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

ANNUAL GENERAL MEETING

The Fifty Ninth Annual General Meeting of the Company will be held at 12:00 hours on Friday 28 July 2006 at the Registered Office of the Company.

BY ORDER OF THE BOARD

DR R M MUPAWOSE	J S MUTIZWA	A MAKAMURE
Chairman	**Chief Executive**	**Company Secretary**

12 May 2006

Corporate Governance at Delta

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 meets 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 as the only executive member. 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 review the remuneration of all Delta directors and senior executives.

Accounting Philosophy

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 Accounting 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.

Directors' Responsibility For Financial Reporting

Delta's directors are required by the Companies Act to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed (except for the adoption of the requirements of International Accounting Standard 12 on deferred taxation), suitable accounting policies have been used, and applied consistently, and reasonable and prudent judgements and estimates have been made. The financial statements incorporate full and responsible disclosure in line with the stated accounting philosophy of the Group on page 29.

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 March 2007. 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 2006, which appear on pages 33 to 69 were approved by the Board of Directors on 12 May 2006 and are signed on its behalf by:

Dr R M MUPAWOSE
Chairman

J S MUTIZWA
Chief Executive Officer

Group Annual Financial Statements

REPORT OF THE INDEPENDENT AUDITORS

To the members of Delta Corporation Limited

We have audited the financial statements of Delta Corporation Limited set out on pages 33 to 69 for the year ended 31 March 2006. 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.

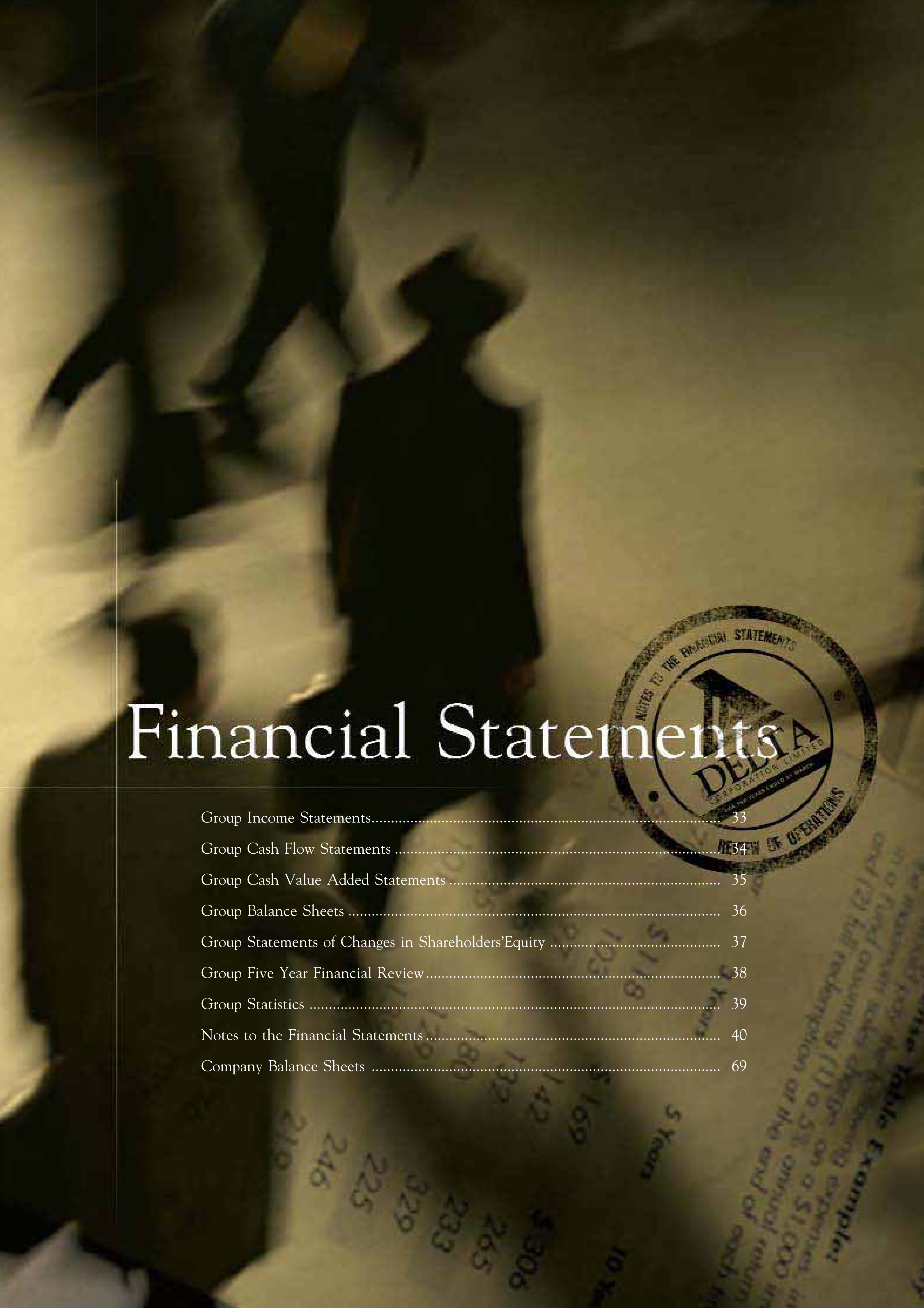
We conducted our audit in accordance with International Standards on Auditing which require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts 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 Accounting Standard 12 "Income Taxes" as regards the provision for deferred tax on all temporary differences. Details of the financial effect of non compliance are given in note 27.

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 2006 and of the results of the operations and group cash flows for the financial year ended on that date.

Deloitte.

Chartered Accountants (Zimbabwe)
Harare, Zimbabwe,
20 June 2006



Financial Statements

Group Income Statements

FOR THE YEARS ENDED 31 MARCH

	Notes	INFLATION ADJUSTED		HISTORICAL	
		2006 $m's	2005 $m's	2006 $m's	2005 $m's
TURNOVER	7	34 483 176	35 059 483	13 482 760	2 347 607
NET OPERATING COSTS	8.1	(29 726 287)	(31 095 841)	(9 842 407)	(1 717 291)
OPERATING INCOME	8	4 756 889	3 963 642	3 640 353	630 316
Net financing income	9	486 855	458 475	13 723	44 277
Monetary loss		(4 567 446)	(1 748 083)		
Equity accounted (loss)/earnings		(266 972)	203 919	79 822	15 136
		409 326	2 877 953	3 733 898	689 729
Taxation	10	7 187	(15 862)	(893 551)	(200 103)
INCOME AFTER TAXATION		416 513	2 862 091	2 840 347	489 626
Attributable to:					
Equity holders of the parent company		263 693	2 779 019	2 448 891	459 653
Minority interest		152 820	83 072	391 456	29 973
		416 513	2 862 091	2 840 347	489 626
EARNINGS PER SHARE (DOLLARS)					
– attributable and headline earnings basis	4.6	262,2	2 955,5	2 434,7	488,9
– cash equivalent earnings basis	4.7			2 151,5	484,7
DIVIDENDS PER SHARE (DOLLARS)	11	919,5	1 706,8	500,0	154,0

Group Cash Flow Statements

FOR THE YEARS ENDED 31 MARCH

	Notes	INFLATION ADJUSTED 2006 $m's	INFLATION ADJUSTED 2005 $m's	HISTORICAL 2006 $m's	HISTORICAL 2005 $m's
Cash retained from operating activities					
Cash generated from trading	12.1	3 194 970	4 591 667	3 328 190	637 552
Utilised to (increase)/decrease working capital	12.2	(990 095)	1 321 991	(2 165 228)	(192 425)
Cash generated from operating activities		2 204 875	5 913 658	1 162 962	445 127
Net financing income		486 855	458 475	13 723	44 277
Taxation paid	12.3	(2 030 448)	(1 015 104)	(171 022)	(41 702)
Cash flow from operations		661 282	5 357 029	1 005 663	447 702
Dividends paid	12.4	(1 915 704)	(775 275)	(316 208)	(36 911)
Net cash (expended)/generated		(1 254 422)	4 581 754	689 455	410 791
Cash utilised in investment activities					
Acquisition of subsidiary	12.5	(66 322)		(36 860)	
Investment to maintain operations					
Replacement of fixed assets		(957 920)	(691 554)	(365 397)	(42 973)
Proceeds on disposal of fixed assets		57 194	24 406	42 650	1 771
		(900 726)	(667 148)	(322 747)	(41 202)
Investment to expand operations					
Fixed asset additions		(554 563)	(707 275)	(292 394)	(71 535)
Movement in loans and investments		57 399	(108 532)	(186 896)	(19 077)
		(497 164)	(815 807)	(479 290)	(90 612)
Net cash invested		(1 464 212)	(1 482 955)	(838 897)	(131 814)
Cash generated from financing activities					
Movement in long-term borrowings		19 141	(1 176)	20 000	
Increase in shareholder funding	12.6	3 482	398 067	3 469	30 761
Net cash generated from financing activities		22 623	396 891	23 469	30 761
Net movement in cash and cash equivalents		(2 696 011)	3 495 690	(125 973)	309 738
Cash and cash equivalents at beginning of year		2 851 358	(644 332)	281 320	(28 418)
Cash and cash equivalents at end of year	12.7	155 347	2 851 358	155 347	281 320
Cash flow per share (dollars)	4.8	898,7	310,2	862,0	447,0

Group Cash Value Added Statements

FOR THE YEARS ENDED 31 MARCH

	INFLATION ADJUSTED		HISTORICAL	
	2006 $m's	2005 $m's	2006 $m's	2005 $m's
CASH GENERATED				
Cash derived from sales	26 838 744	27 356 570	12 704 593	2 222 016
Income from investments	19 178	33 478	2 713	2 232
	26 857 922	27 390 048	12 707 306	2 224 248
Cash payments to suppliers of materials, facilities & services	(12 363 799)	(9 707 476)	(6 604 127)	(910 921)
Cash value added	14 494 123	17 682 572	6 103 179	1 313 327
Cash utilised to :				
Remunerate employees for their services	4 530 262	4 066 053	1 856 880	298 679
Pay income, value added and excise taxes to Government	9 789 434	8 717 965	3 244 378	608 088
Received from lenders as a return on monies invested	(486 855)	(458 475)	(3 742)	(41 142)
Provide shareholders with a reward for the use of their risk capital	1 915 704	775 275	316 208	36 911
CASH DISBURSED AMONG STAKEHOLDERS	15 748 545	13 100 818	5 413 724	902 537
CASH RETAINED IN THE BUSINESS				
Cash retained from shareholders in exchange for scrip		153 920		15 186
Further retentions	(1 254 422)	4 427 834	689 455	395 605
NET CASH (EXPENDED)/RETAINED	(1 254 422)	4 581 754	689 455	410 791

Group Balance Sheets

FOR THE YEARS ENDED 31 MARCH

	Notes	INFLATION ADJUSTED 2006 $m's	INFLATION ADJUSTED 2005 $m's	HISTORICAL 2006 $m's	HISTORICAL 2005 $m's
ASSETS					
Non-Current Assets					
Property, plant and equipment	13	16 932 079	13 386 176	2 007 431	135 421
Biological assets	14	445 239		445 239	
Investments in associates	15	333 715	599 158	100 815	19 650
Investments and other long-term assets	16	344 214	422 241	214 443	28 861
		18 055 247	14 407 575	2 767 928	183 932
Current Assets					
Inventories	17	6 049 832	6 163 420	2 905 753	472 953
Debtors	18	2 640 194	2 345 924	2 114 301	226 590
Short-term loans		16 198	38 586	16 198	3 807
Cash and cash equivalents		305 828	2 871 041	305 828	283 262
		9 012 052	11 418 971	5 342 080	986 612
Total Assets		27 067 299	25 826 546	8 110 008	1 170 544
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	19	3 163 738	3 163 737	51	50
Share premium	20	7 392 534	6 260 317	466 308	48 145
Share options reserve	21	253 942		49 300	
Non-distributable reserves	22			12	18
Distributable reserves	23	4 397 137	5 060 622	2 358 065	416 019
Proposed dividend	11	324 639	1 215 780	324 639	119 951
		15 531 990	15 700 456	3 198 375	584 183
Minority interest	24	2 528 828	630 598	1 094 533	38 866
Total Equity		18 060 818	16 331 054	4 292 908	623 049
Non-Current Liabilities					
Long-term borrowings	25	20 094	953	20 094	94
Tax equalisation and deferred taxation		5 510 980	4 000 364	321 599	5 336
		5 531 074	4 001 317	341 693	5 430
Current Liabilities					
Short-term borrowings	25	150 481	19 683	150 481	1 942
Creditors	26	2 453 614	3 427 580	2 453 614	338 171
Taxation		871 312	2 046 912	871 312	201 952
		3 475 407	5 494 175	3 475 407	542 065
Total Equity and Liabilities		27 067 299	25 826 546	8 110 008	1 170 544

Group Statements of Changes in Total Equity

FOR THE YEARS ENDED 31 MARCH

		INFLATION ADJUSTED		HISTORICAL	
	Notes	2006 $m's	2005 $m's	2006 $m's	2005 $m's
Share capital issued – parent	19 & 20	1 132 218	510 765	418 164	42 969
Recognition of share based payments	21	253 942		49 300	
Earnings attributable to shareholders of the parent		263 693	2 779 019	2 448 891	459 653
Dividends declared – parent					
– prior year final		(1 215 780)	(377 066)	(119 951)	(16 630)
– current year interim		(602 539)	(490 149)	(182 212)	(32 005)
Share capital issued – subsidiary		2 258	41 222	470	2 978
Earnings attributable to minority shareholders		152 820	83 072	391 456	29 973
Dividends declared – subsidiary					
– prior year final		(75 379)	(27 549)	(7 437)	(1 215)
– current year interim		(22 006)	(34 431)	(6 608)	(2 247)
Investment in subsidiary – minority share		1 840 537		677 786	
Total equity at the beginning of the year		16 331 054	13 846 171	623 049	139 573
Total equity at the end of the year		18 060 818	16 331 054	4 292 908	623 049

Group Five Year Financial Review

FOR THE YEARS ENDED 31 MARCH

	5 Year Compound Growth % p.a.	2006 $m's	2005 $m's	2004 $m's	2003 $m's	2002 $m's
		HISTORICAL FINANCIAL INFORMATION				
CONSOLIDATED INCOME STATEMENTS						
Turnover	251,9	13 482 760	2 347 607	580 257	103 682	43 971
Taxed operating income	293,5	2 830 864	459 031	138 907	23 735	7 656
Taxed interest receivable/(payable)	55,2	9 483	30 595	(20 051)	(214)	(548)
Income after taxation	327,0	2 840 347	489 626	118 856	23 521	7 108
Attributable to minorities	601,6	(391 456)	(29 973)	(8 100)	(1 111)	(564)
Earnings attributable to ordinary shareholders	314,6	2 448 891	459 653	110 756	22 410	6 544
Dividends	247,5	(506 851)	(151 956)	(23 276)	(6 177)	(2 799)
Retained earnings	354,6	1 942 040	307 697	87 480	16 233	3 745
CONSOLIDATED BALANCE SHEETS						
ASSETS						
Non-current assets	241,0	2 767 928	183 932	44 218	14 377	4 336
Current assets	277,2	5 342 080	986 612	300 759	47 540	12 145
TOTAL ASSETS	262,3	8 110 008	1 170 544	344 977	61 917	16 481
EQUITY AND LIABILITIES						
Shareholders' equity	251,0	3 198 375	584 183	130 196	26 586	8 190
Minority interest	305,4	1 094 533	38 866	9 377	1 356	306
Total shareholders' equity	261,0	4 292 908	623 049	139 573	27 942	8 496
Tax equalisation and deferred taxation	355,6	321 599	5 336	1 636	658	408
Long-term borrowings	272,2	20 094	94	94	94	94
Current liabilities	256,9	3 475 407	542 065	203 674	33 223	7 483
TOTAL EQUITY AND LIABILITIES	262,3	8 110 008	1 170 544	344 977	61 917	16 481

Group Statistics

FOR THE YEARS ENDED 31 MARCH

HISTORICAL INFORMATION

	2006	2005	2004	2003	2002
SHARE PERFORMANCE PER SHARE (DOLLARS)					
Attributable earnings	2 434,73	488,85	124,56	25,50	7,53
Headline earnings	2 434,73	488,85	125,30	25,69	7,42
Cash equivalent earnings	2 151,50	484,65	121,64	25,09	7,87
Dividends	500,00	154,00	26,00	7,00	3,20
Cash flow	862,05	446,99	4,36	13,89	4,76
Net asset value	4 231,56	623,40	144,84	30,09	9,36
Closing market price	38 000	4 100	145	240	60
ZSE industrial index	31 045 931	2 483 961	347 709	179 531	48 091
SHARE INFORMATION					
In issue (m's)	1 014	999	899	884	875
Market capitalisation ($m's)	38 550 909	4 097 895	130 347	212 056	52 505
Trading volume (m's)	53	108	82	126	111
Trading percentage (%)	5,29	11,5	9,3	14,3	12,8
RATIOS AND RETURNS PROFITABILITY					
Return on equity (%)	76,6	78,7	85,1	84,3	79,9
Income after taxation to total capital employed (%)	59,4	77,7	64,9	71,1	76,0
Taxed operating return (%)	34,9	39,2	40,3	71,8	81,9
Pretax return on total assets (%)	46,0	59,5	47,9	52,2	56,1
SOLVENCY					
Long term debt to total shareholders' funds (%)	0,47	0,02	0,10	0,34	1,11
Interest cover (times)	n/a	n/a	6,5	65,7	12,5
Total liabilities to total shareholders' funds (%)	88,9	87,9	147,2	121,6	94,0
LIQUIDITY					
Current assets to interest free liabilities & short-term borrowings	1,54	1,82	1,48	1,43	1,62
PRODUCTIVITY					
Turnover per employee ($m's)	1 271,96	329,95	99,86	17,99	4,66
Turnover to payroll (times)	7,26	7,86	9,70	10,77	8,80
Cash value added to payroll (times)	3,29	4,40	3,69	4,72	3,57
OTHER					
Number of shareholders	3 623	3 104	3 104	3 081	2 881
INFLATION ADJUSTED INFORMATION					
PER SHARE (DOLLARS)					
Attributable earnings	262,2	2 955,5	2 237,9	4 258,0	3 360,0
Headline earnings	262,2	2 955,5	2 255,2	4 330,9	3 344,7
Net asset value	17 802,7	16 339,4	14 771,6	16 168,3	15 123,3
SOLVENCY					
Long-term debt to total shareholders' funds (%)	0,11	0,10	0,20	1,01	3,45
Interest cover (times)	n/a	n/a	26,15	1 501,3	59,6
Total liabilities to total shareholders' funds (%)	49,87	344,41	700,37	649,89	584,01

Notes to the Financial Statements

1. ACCOUNTING POLICIES

The principal accounting polices of the Group, which are set out in note 3, are in all material respects, except as indicated in note 2, 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 taxation on temporary differences between the tax bases of assets and liabilities and their historical carrying value, as required by International Accounting Standard 12.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the current accounting period. The adoption of the following new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies and have affected the amounts reported for current or prior years:

- Share Based Payments (IFRS 2)
- Property, Plant and Equipment (IAS 16 revised)

Furthermore the Group has elected to adopt the IFRIC Interpretation 7 in advance of the effective date which for the Group would be 1 April 2006.

2.1 IFRS 2 SHARE BASED PAYMENTS

IFRS 2 Share Based Payments requires the recognition of equity settled share based payments at fair value at the date of grant. Prior to the adoption of IFRS 2 the Group did not recognise the financial effect of share options granted to employees.

In accordance with the transitional provisions of IFRS 2, there has been no retrospective impact of this change of policy owing to the fully vesting nature of the options granted, accordingly there has been no restatement of prior periods.

For 2006, the impact of share based payments is a charge to income of Z$253,9 billion in the inflation adjusted financial statements and $49,3 billion in the historical cost financial statements. Earnings per share was reduced by $252 and $49 respectively.

2.2 IAS 16 (REVISED) PROPERTY, PLANT AND EQUIPMENT

In terms of the changes in IAS 16 "Property, Plant and Equipment" which became effective for the Group from 1 April 2005, residual values of fixed assets are reassessed each year and where that value exceeds the carrying value of the asset, depreciation is no longer charged. Prior year figures have not been adjusted due to the immaterial values involved and the practical difficulties in making this assessment in arrears. As a result of this change in policy the depreciation charge has been reduced by $106 million in the historical financial statements, there has been no change to the inflation adjusted financial statements. Historical earnings per share for the current year was increased by $0,11 per share.

2.3 IFRIC INTERPRETATION 7 APPLYING RESTATEMENT APPROACH UNDER IAS29 FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

In terms of this interpretation, the impact in the inflation adjusted financial statements of an additional deferred tax liability which is considered to arise as a result of the restatement in the current year of the prior period assets when the tax base for that period is unchanged is to be charged against revenue in the current period.

In the past the Group treated this amount as a charge against the restated brought forward reserves as it was considered to arise entirely from the revaluation of a pre-existing relationship between carrying value and the tax base of those assets.

The charge which was previously shown as a movement in reserves is now shown as a charge in the income statement as part of Monetary Loss. The amount so included in the current year is $1 705,2 billion and the 2005 monetary loss has been increased by $1 007,3 billion. Earnings per share in the inflation adjusted financial statements has been reduced by $1 583 and $1 071 for 2006 and 2005 respectively. There has been no change to total reserves as disclosed in the balance sheet.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF PRESENTATION

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

3.2 INFLATION ADJUSTMENT

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and that corresponding figures for previous periods be stated in the same terms to the latest balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index (cpi) prepared by the Zimbabwe Central Statistical Office. The conversion factors used to restate the financial statements at 31 March 2006, using a 2001 base year, are as follows:

	Index	Conversion Factor
31 March 2006	87 337,5	1,000
31 March 2005	8 616,9	10,136
31 March 2004	3 852,0	22,673

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

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

Financing costs and exchange differences: 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 gains on the upward revision of deposit prices 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.
Property, plant and equipment: are stated at indexed cost less applicable indexed depreciation and impairment losses.

3.3 BASIS OF CONSOLIDATION

The Consolidated Financial Statements consist of the Financial Statements of Delta Corporation Limited and its subsidiaries, together with an appropriate share of post acquisition results and reserves of its associated companies. The investment in Ariston Holdings Limited is treated as a subsidiary even though the shareholding is under 50% as the Company has effective control through voting rights. All companies' financial years end on 31 March with the exception of Ariston Holding Limited which has a 30 September year end and two associates, African Distillers Limited and Food and Industrial Processors (Private) Limited, which have year ends of 30 June and 31 December respectively. The results and reserves of subsidiaries and associated companies are included from the effective dates of acquisition up to the effective dates of disposal.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3.4 INVESTMENTS IN ASSOCIATES

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the group's interest in those associates are not recognised. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in profit and loss in the period of acquisition. Where a group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

3.5 GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in currencies other than Zimbabwean Dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

3.7 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.8 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

3.9 BIOLOGICAL ASSETS

Biological assets include tea, coffee, macadamia nuts, pome and stone fruit and roses. Biological assets are reflected at fair value, and changes to fair value are included in operating income for the year.

The valuation is based on the discounted expected net cash flows over a ten year period, with the exception of roses where three years is used due to shorter lives and risk of varietal changes. The net cash flows are based on current annual production levels, the selling price less selling and production costs.

3.10 SHARE BASED PAYMENTS

The group issues share options to certain employees. The options are valued at fair value at the date of grant. The fair value determined is charged against revenue and the liability is disclosed in a share options reserve which forms part of equity. The fair value is calculated using the Black-Scholes option pricing model, as adjusted for dividends by Robert Merton. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions as regards closed periods and behavioural considerations.

3.11 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.

3.12 FINANCIAL INSTRUMENTS

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.

3.13 INVENTORIES

Inventories 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.
- Harvested crops and livestock are adjusted to fair value based on market value less estimated point of sale expenses.
- Manufactured finished products and products in process are valued at raw material cost, plus labour and a portion of manufacturing overhead expenses, where appropriate.

Returnable containers which comprise bottles and crates, are considered to be current assets which are sold and repurchased at current deposit prices. There is an obligation to repurchase all bottles and crates which are suitable for re-use. With the exception of returnable plastic bottles which are considered to have a short useful life, the difference between the purchase prices of new returnable containers and the related current deposit prices is included in inventories. This difference is amortised over the four years following the year of purchase. In the historical financial statements the difference is reduced by subsequent gains arising from deposit price increases and any surplus of deposit price increase after reducing deferred container expenditure to nil is shown as income; this is not done in the financial statements produced in terms of hyperinflation accounting principles in view of the restatement of container amortisation and thus the full uplift of container revaluation is shown as income. The value of any returnable containers scrapped is charged to income statement.

3.14 FINANCIAL INSTRUMENTS

Financial instruments are initially recorded at fair value which usually approximates cost; subsequent to initial recognition, financial 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.

3.15 TURNOVER

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

3.16 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 Accounting Standard 12.

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

The 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.

3.17 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.

4. DEFINITIONS

4.1 TAXED INTEREST PAYABLE

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

4.2 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).

4.3 NET ASSETS

These are equivalent to shareholders' equity.

4.4 PRETAX RETURN ON TOTAL ASSETS

This is calculated by relating to closing total assets, income before tax inclusive of dividend income and equity accounted earnings.

4.5 TAXED OPERATING RETURN

This is calculated by relating to closing total capital employed, income after taxation plus taxed interest payable.

4.6 EARNINGS PER SHARE

Attributable earnings basis

The calculations are based on the earnings attributable to ordinary shareholders. Account is taken of the number of shares in issue for the period during which they have participated in the income of the Group. The divisor is: 1 005 815 374 (2005 – 940 278 709). Fully diluted earnings per share is not disclosed as the extent of dilution is not considered material at 3,07% and 2,47% for 2006 and 2005 respectively.

4.7 CASH EQUIVALENT EARNINGS BASIS

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 equivalent earnings is derived as follows :-

	2006 $m's	2005 $m's
Earnings attributable to shareholders	2 448 891	459 653
Adjusted for		
Non-cash items	(312 162)	7 236
Equity accounted retained earnings	(79 822)	(15 136)
Tax equalisation	61 569	3 700
Add: minority share of adjustments	45 538	257
Cash equivalent earnings	2 164 014	455 710

4.8 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.

4.9 FINANCIAL GEARING RATIO

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

5. COUNTRY OF INCORPORATION AND CURRENCY

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

6. SEGMENTAL REPORTING

For management purposes, the Group is organised into a single operating division with shared production facilities and combined distribution infrastructure catering for all beverages. The Maltings, Packaging and Agricultural 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.

Notes to the Financial Statements

	INFLATION ADJUSTED		HISTORICAL	
	2006 $m's	2005 $m's	2006 $m's	2005 $m's
7. TURNOVER				
Sales proceeds	29 592 182	32 816 689	12 537 548	2 162 881
Excise and levies	3 516 519	3 964 017	1 377 635	281 753
Value added tax	4 242 467	3 738 844	1 695 721	284 633
Other	535 268	385 256	385 080	33 482
	37 886 436	40 904 806	15 995 984	2 762 749
Less: intra-group sales	(3 403 260)	(5 845 323)	(2 513 224)	(415 142)
	34 483 176	35 059 483	13 482 760	2 347 607
Export sales included above	1 109 384	524 499	459 238	36 691
8. OPERATING INCOME				
Operating income is arrived at after changing/(crediting):-				
8.1 NET OPERATING COSTS				
Sundry operating income	(443 108)	(573 221)	(368 733)	(128 930)
Changes in inventories of finished goods and work in progress	(505 183)	741 918	206 899	17 319
Raw materials and consumables used	12 027 727	12 276 841	3 256 145	714 760
Net gain on container deposit increase	(129 300)	(192 962)	(2 410)	(32 711)
Depreciation expense (note 8.2)	1 285 057	1 326 268	41 048	8 085
Staff costs	4 530 262	4 066 053	1 856 880	298 679
Excise, levies and value added tax	7 758 986	7 702 861	3 073 356	566 386
Share option expenses	253 942		49 300	
Other operating expenses	5 320 991	5 748 083	2 103 009	273 703
Fair value adjustment –plantations	(363 260)		(363 260)	
Fair value adjustment –livestock	(9 827)		(9 827)	
	29 726 287	31 095 841	9 842 407	1 717 291
8.2 DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT				
Buildings	196 811	160 913	800	55
Plant, equipment and vehicles	1 088 246	1 165 355	40 248	8 030
	1 285 057	1 326 268	41 048	8 085

Notes to the Financial Statements

		INFLATION ADJUSTED		HISTORICAL	
		2006 $m's	2005 $m's	2006 $m's	2005 $m's
8.3	**EXCHANGE GAINS**				
	Gross amount	(259 768)	(12 426)	(101 567)	(882)
8.4	**AUDITORS' REMUNERATION**				
	Current year audit fees and expenses	77 925	98 022	30 468	4 148
	Prior year (over)/under provision	(877)	1 824	(343)	77
		77 048	99 846	30 125	4 225
	Included in current year Group audit fees are fees for the Company of $1 248 million (2005 – $120 million).				
8.5	**NET LEASING EXPENSE**				
	Lease payments:				
	– Minimum lease payments	216 606	88 494	84 691	6 281
9.	**NET FINANCING INCOME**				
	Interest income:				
	– Long-term loans	(2 867)	(63 621)	(1 121)	(2 806)
	– Short-term loans and investments	(1 753 959)	(419 565)	(567 203)	(39 426)
	Interest expenditure:				
	– Long and medium-term borrowings	950	9 771	879	431
	– Short-term borrowings	2 350	14 940	2 121	659
	Exchanges losses	1 266 671		561 582	
		(486 855)	(458 475)	(3 742)	(41 142)
	Capitalised			(9 981)	(3 135)
		(486 855)	(458 475)	(13 723)	(44 277)

Notes to the Financial Statements

	INFLATION ADJUSTED		HISTORICAL	
	2006 $m's	2005 $m's	2006 $m's	2005 $m's
10. TAXATION				
10.1 TAXATION CHARGE				
Income tax:				
Holding company and subsidiaries				
Current – standard	814 122	1 942 667	814 122	191 667
– AIDS levy	16 938	47 577	16 938	4 694
Prior years	922	425	922	42
Deferred taxation	(900 738)	(2 012 309)		
Tax equalisation	61 569	37 502	61 569	3 700
	(7 187)	15 862	893 551	200 103

10.2 RECONCILIATION OF RATE OF TAXATION

	%	%
Standard rate	30,9	30,9
Adjusted for:		
Capital allowances in excess of depreciation	(1,6)	(1,8)
Tax equalisation	1,6	0,5
Other adjustments including permanent differences	(7,0)	(0,6)
	(7,0)	(1,9)
Effective rate	23,9	29,0

	HISTORICAL PER SHARE		INFLATION ADJUSTED		HISTORICAL	
	2006 $	2005 $	2006 $m's	2005 $m's	2006 $m's	2005 $m's
11. DIVIDENDS						
Interim	180,0	34,0	602 539	490 149	182 212	32 005
Final – proposed	320,0	120,0	324 639	1 215 780	324 639	119 951
	500,0	154,0	927 178	1 705 929	506 851	151 956

Notes to the Financial Statements

	INFLATION ADJUSTED		HISTORICAL	
	2006 $m's	2005 $m's	2006 $m's	2005 $m's
12. CASH FLOW INFORMATION				
12.1 CASH GENERATED FROM TRADING				
Operating income	4 756 889	3 963 642	3 640 353	630 316
Monetary loss	(4 567 446)	(1 748 083)		
Depreciation	1 285 057	1 326 268	41 048	8 085
Loss/(profit) on disposal of property, plant and equipment	47 900	(4 803)	(41 070)	(849)
Other non cash items	1 672 570	1 054 643	(312 141)	
	3 194 970	4 591 667	3 328 190	637 552
12.2 UTILISED TO (INCREASE)/ DECREASE WORKING CAPITAL				
Decrease/(increase) in inventories	343 473	1 607 694	(2 348 341)	(237 661)
Increase in debtors and short-term loans	(95 738)	(1 113 866)	(1 835 386)	(178 290)
(Decrease)/increase in creditors	(1 237 830)	828 163	2 018 499	223 526
	(990 095)	1 321 991	(2 165 228)	(192 425)
12.3 TAXATION PAID				
Liability at beginning of year	(2 046 912)	(1 071 347)	(201 952)	(47 251)
Taxation provided (see note 10)	(831 982)	(1 990 669)	(831 982)	(196 403)
Transfer on acquisition	(22 866)		(8 400)	
Liability at end of year	871 312	2 046 912	871 312	201 952
	(2 030 448)	(1 015 104)	(171 022)	(41 702)
12.4 DIVIDENDS PAID				
By the Company :				
Proposed dividend at beginning of year	(1 215 780)	(377 066)	(119 951)	(16 630)
Shares issued in lieu of dividends		153 920		15 186
Current year dividends (note 11)	(927 178)	(1 705 929)	(506 851)	(151 956)
Proposed dividend at end of year	324 639	1 215 780	324 639	119 951
	(1 818 319)	(713 295)	(302 163)	(33 449)
By Subsidiaries :				
Minority's share of dividends at beginning of year	(75 379)	(27 549)	(7 437)	(1 215)
Minority's share of dividends declared	(43 236)	(109 810)	(27 838)	(9 684)
Minority's share of dividends at end of year	21 230	75 379	21 230	7 437
	(97 385)	(61 980)	(14 045)	(3 462)
Total dividends paid	(1 915 704)	(775 275)	(316 208)	(36 911)

Notes to the Financial Statements

12.5 ACQUISITION OF SUBSIDIARY

On 1 November 2005, the Group acquired 39,37% of the issued share capital of Ariston Holdings Limited for a consideration of $432 billion made up of cash $17 billion and shares of $415 billion. On 1 February 2006 the Group acquired a further 0,85% of the issued share capital of Ariston Holdings Limited for a cash consideration of $22 billion. This transaction has been accounted for by the purchase method of accounting. Goodwill of $1,3 billion arising on acquisition has been written off through the income statement.

	HISTORICAL		
			2006 $m's
	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
Net Assets acquired:			
Property, plant and equipment	53 552	1 204 826	1 258 378
Biological assets	80 448		80 448
Trade loans and investments	29		29
Inventories	84 459		84 459
Debtors	64 716		64 716
Cash and cash equivalents	9 870		9 870
Creditors	(96 944)		(96 944)
Taxation	(8 400)		(8 400)
Short-term borrowings	(7 452)		(7 452)
Deferred tax liability	(13 729)	(240 964)	(254 693)
	166 549	963 862	1 130 411
Goodwill arising			1 349
			1 131 760
Total consideration, settled by:			
Cash		39 278	
Shares		414 696	
Minority		677 786	
		1 131 760	1 131 760
Net cash outflow arising on Acquisition:			
Cash consideration paid			(39 278)
Cash and cash equivalents acquired			2 418
			(36 860)

	INFLATION ADJUSTED		HISTORICAL	
	2006 $m's	2005 $m's	2006 $m's	2005 $m's
12.6 INCREASE IN SHAREHOLDER FUNDING				
Proceeds of shares issued:				
By the Company	3 482	356 845	3 469	27 783
By subsidiaries to minority shareholders		41 222		2 978
	3 482	398 067	3 469	30 761

Notes to the Financial Statements

	INFLATION ADJUSTED		HISTORICAL	
	2006 $m's	2005 $m's	**2006 $m's**	2005 $m's
12.7 CASH AND CASH EQUIVALENTS				
Made up as follows:				
Bank balances and cash	**305 828**	2 871 041	**305 828**	283 262
Short-term borrowings	**(150 481)**	(19 683)	**(150 481)**	(1 942)
	155 347	2 851 358	**155 347**	281 320
13. PROPERTY, PLANT AND EQUIPMENT				
FREEHOLD PROPERTIES				
Cost	**12 201 186**	8 807 463	**1 261 790**	3 848
Capital work in progress	**302 417**	2 158	**122 316**	196
	12 503 603	8 809 621	**1 384 106**	4 044
Depreciation	**(3 762 664)**	(3 567 663)	**(1 183)**	(152)
	8 740 939	5 241 958	**1 382 923**	3 892
LEASEHOLD PROPERTIES				
Cost	**163 742**	159 616	**1 892**	83
Depreciation	**(85 678)**	(82 940)	**(103)**	(6)
	78 064	76 676	**1 789**	77
PLANT AND EQUIPMENT				
Cost	**17 045 736**	16 643 173	**224 757**	82 890
Capital work in progress	**422 300**	197 553	**187 289**	13 908
	17 468 036	16 840 726	**412 046**	96 798
Depreciation	**(11 112 688)**	(10 320 176)	**(29 644)**	(7 702)
	6 355 348	6 520 550	**382 402**	89 096
VEHICLES				
Cost	**3 198 326**	2 937 329	**262 287**	41 780
Capital work in progress	**55 975**	45 244	**3 899**	4 234
	3 254 301	2 982 573	**266 186**	46 014
Depreciation	**(1 496 573)**	(1 435 581)	**(25 869)**	(3 658)
	1 757 728	1 546 992	**240 317**	42 356
Total property, plant and equipment	**16 932 079**	13 386 176	**2 007 431**	135 421

Notes to the Financial Statements

	INFLATION ADJUSTED		HISTORICAL	
	2006 $m's	2005 $m's	2006 $m's	2005 $m's
13. PROPERTY, PLANT AND EQUIPMENT (Continued)				
Movement in net book amount for the year :				
At beginning of the year	13 386 176	13 333 218	135 421	29 920
Capital expenditure	1 510 952	1 398 829	656 260	114 508
Net assets on acquisition	3 425 102		1 258 378	
Disposals	(105 094)	(19 603)	(1 580)	(922)
Depreciation charged to operating income	(1 285 057)	(1 326 268)	(41 048)	(8 085)
At end of the year	16 932 079	13 386 176	2 007 431	135 421
Capital expenditure comprised :				
Freehold properties	342 643	2 047	148 752	1 743
Leasehold properties	704	20 292	556	21
Plant and equipment	613 695	933 360	294 378	74 303
Vehicles	553 910	443 130	212 574	38 441
	1 510 952	1 398 829	656 260	114 508
Disposals comprised :				
Freehold properties	171		20	
Plant and equipment	46 170	12 487	1 415	889
Vehicles	58 753	7 116	145	33
	105 094	19 603	1 580	922
Original cost and indexed cost of fully depreciated assets still in use:				
Freehold and leasehold properties	4 377	93 207	2	83
Plant and equipment	4 566 193	3 805 161	347	175
Vehicles	972 960	902 934	2 184	123
	5 543 530	4 801 302	2 533	381
Net book amount of assets temporarily idle:				
Plant and equipment	14 261	14 261	1	1

	INFLATION ADJUSTED		HISTORICAL	
	2006 $m's	2005 $m's	2006 $m's	2005 $m's
14. BIOLOGICAL ASSETS				
Carrying amount at beginning of year				
On acquisition	80 448		80 448	
Additions at cost	1 531		1 531	
Fair value adjustment	363 260		363 260	
Carrying amount at end of year	445 239		445 239	
15. INVESTMENTS IN ASSOCIATES				
Shares at cost	185 757	168 839	5 491	1 436
Post acquisition distributable reserves	147 958	430 319	95 324	18 214
	333 715	599 158	100 815	19 650
16. INVESTMENTS AND OTHER LONG TERM ASSETS				
16.1 INVESTMENTS				
Unquoted shares at cost	82	1 429	82	141
16.2 LOANS				
Secured	213 747	284 873	213 747	28 106
Unsecured	608	6 162	608	608
	214 355	291 035	214 355	28 714
16.3 TRADEMARKS				
At cost	129 777	129 777	6	6
Total	344 214	422 241	214 443	28 861

16.4 Included in the Group's secured loans of $213,7 billion are loans of $58,9 billion (2005 – $9 billion) to Directors and Officers of the Group. These are made in terms of a Group Housing Loan Scheme. During the year $49,9 billion was advanced.

Notes to the Financial Statements

	INFLATION ADJUSTED		HISTORICAL	
	2006 $m's	2005 $m's	2006 $m's	2005 $m's
17. INVENTORIES				
Consumable stores	1 285 210	918 785	781 634	72 274
Containers	1 772 832	2 517 459	449 124	177 704
Finished products	435 458	387 212	325 361	32 366
Raw materials	2 290 711	2 076 012	1 197 541	168 907
Products in process	241 612	263 952	128 084	21 702
Livestock	24 009		24 009	
	6 049 832	6 163 420	2 905 753	472 953
18. DEBTORS				
Trade debtors	934 853	1 588 102	934 853	156 685
Prepaid expenses and other debtors	1 705 341	757 822	1 179 448	69 905
	2 640 194	2 345 924	2 114 301	226 590
19. SHARE CAPITAL				
19.1 AUTHORISED				
1 400 000 000 (2005 – 1 100 000 000) ordinary shares of 5 cents each	70	55	70	55
19.2 ISSUED AND FULLY PAID				
At beginning of year				
Cost	50	45	50	45
Arising on inflation adjustment	3 163 687	3 163 642		
Total at beginning of year	3 163 737	3 163 687	50	45
Exercise of share options		50		5
Issued for purchase of subsidiary	1		1	
Total at end of year	3 163 738	3 163 737	51	50
Comprising :				
Cost	51	50	51	50
Arising on inflation adjustment	3 163 687	3 163 687		
	3 163 738	3 163 737	51	50

Comprising 1 014 497 610 (2005 – 999 486 528) shares of 5 cents each.

19.3 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 $19 million (2005 – $5 million) has been placed at the disposal of the directors for an indefinite period.

19.4 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.

Details of the share options outstanding as at 31 March 2006 are as follows:

Date of Grant	Subscription Prices (Dollars)	Numbers of Shares
1 March 2002	45	650 000
14 February 2003	180	2 600 000
15 January 2004	150	10 212 000
13 May 2004	250	12 946 200
13 May 2005	5 100	2 725 000
12 August 2005	8 100	7 400 000
		36 533 200

Number outstanding at beginning of year	28 746 600
New options granted during year	10 525 000
Exercised during year	(2 538 400)
Forfeited during year	(200 000)
Outstanding at end of year	36 533 200

The weighted average price of exercise and the weighted average stock exchange price on the date of share options were $1 386 and $37 541 respectively. Shares forfeited had an average exercise price of $150.

Notes to the Financial Statements

19.5 DIRECTORS' SHAREHOLDINGS

At 31 March 2006, the Directors held directly and indirectly the following number of shares in the Company :

	2006	2005
P Gowero	821	521 821
S J Hammond	8 817	8 817
M E Kahari	10 000	10 000
A S Kamba	2 278	2 278
R H M Maunsell	873 250	1 774 739
E S Mazhindu	1 897	1 897
M S Mushiri	1 648 592	1 648 592
J S Mutizwa	1 000 000	1 000 000
R M Mupawose	43 924	
	3 589 579	4 968 144

No changes in Directors' shareholdings have occurred between the financial year end and 12 May 2006.

	INFLATION ADJUSTED		HISTORICAL	
	2006 $m's	2005 $m's	2006 $m's	2005 $m's
20. SHARE PREMIUM				
At beginning of year	6 260 317	5 749 602	48 145	5 181
Arising on exercise of share options	3 482	510 715	3 468	42 964
Arising on purchase of subsidiary	1 128 735		414 695	
At end of year	7 392 534	6 260 317	466 308	48 145
21. SHARE OPTIONS RESERVE				
Recognition of options granted	253 942		49 300	
At end of year	253 942		49 300	
22. NON-DISTRIBUTABLE RESERVES				
Comprising donated assets received				
At beginning of year			18	24
Transfer to distributable reserve			(6)	(6)
At end of year			12	18

Notes to the Financial Statements

	INFLATION ADJUSTED		HISTORICAL	
	2006 $m's	2005 $m's	2006 $m's	2005 $m's
23. DISTRIBUTABLE RESERVES				
At beginning of year	5 060 622	3 987 532	416 019	108 316
Attributable earnings for the year	263 693	2 779 019	2 448 891	459 653
Transfer from non-distributable reserve			6	6
Dividend declared – current year interim	(602 539)	(490 149)	(182 212)	(32 005)
Dividend proposed – current year final	(324 639)	(1 215 780)	(324 639)	(119 951)
At end of year	4 397 137	5 060 622	2 358 065	416 019
Retained in:				
Holding company	(9 911 729)	(8 714 783)		4 618
Subsidiaries and arising on consolidation	14 144 600	13 336 370	2 262 748	391 845
Associated companies	164 266	439 035	95 317	19 556
	4 397 137	5 060 622	2 358 065	416 019
24. MINORITY INTEREST				
At beginning of year	630 598	568 284	38 866	9 377
Share of attributable earnings for the year	152 820	83 072	391 456	29 973
Arising on acquisition of subsidiary	1 840 537		677 786	
Sharefunding	2 258	41 222	470	2 978
Dividend paid by subsidiaries	(97 385)	(61 980)	(14 045)	(3 462)
At end of year	2 528 828	630 598	1 094 533	38 866
25. INTEREST BEARING DEBT				
Long-term borrowings				
Unsecured				
Long-term loans:				
Rate of interest 20%	20 000		20 000	
Rate of interest % nil	94	953	94	94
	20 094	953	20 094	94
Short-term borrowings				
Overdraft		14 858		1 466
Short-term loans	150 481	4 825	150 481	476
Total short-term borrowings	150 481	19 683	150 481	1 942
Total interest bearing debt	170 575	20 636	170 575	2 036

Notes to the Financial Statements

25. INTEREST BEARING DEBT (Continued)

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 $ 4 293 billion.

Short-term borrowings include foreign loans amounting to $137 882 million (2005 – $235 million). Forward cover contracts have not been negotiated in respect of the outstanding balance and related interest and therefore these amounts are subject to exchange rate fluctuations.

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

	INFLATION ADJUSTED		HISTORICAL	
	2006 $m's	2005 $m's	**2006 $m's**	2005 $m's
UNSECURED				
United States Dollars (USD)				
Interest rate 4,46% to 4,80%				
Amount: US$1 614 000	**137 882**	2 382	**137 882**	235

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.

26. CREDITORS

	INFLATION ADJUSTED 2006	INFLATION ADJUSTED 2005	HISTORICAL 2006	HISTORICAL 2005
Trade creditors	**920 549**	1 392 596	**920 549**	137 396
Accruals and other creditors	**1 531 230**	1 941 807	**1 531 230**	191 582
Dividends payable	**1 835**	93 177	**1 835**	9 193
	2 453 614	3 427 580	**2 453 614**	338 171

Amounts are payable within twelve months.

	INFLATION ADJUSTED		HISTORICAL	
	2006	2005	**2006**	2005
	$m's	$m's	**$m's**	$m's
27. CONTINGENT LIABILITIES				
Guarantees	**33 232**	21 031	**33 232**	2 075
Deferred taxation	**85 522**	201 830	**85 522**	19 913
	118 754	222 861	**118 754**	21 988

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

The contingent liability for deferred tax comprises :

Capital allowances in excess of depreciation			**94 328**	20 929
Prepaid expenses			**71 828**	4 320
Deferred capital gains tax			**240 965**	
Amount provided in tax equalisation			**(321 599)**	(5 336)
			85 522	19 913

Had deferred taxation for historical purposes been fully provided in accordance with the requirements of International Accounting Standard 12 the impact would have been as follows:

The historical earnings attributable to shareholders and headline earnings would have decreased by $65,6 billion (2005 – $12,4 billion) and attributable and headline earnings per share would have been $2 369,5 (2005 – $475,7) and $2 369,5 (2005 – $475,7) respectively.

28. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between Group companies and other related parties are disclosed below.

28.1 TRADING TRANSACTIONS

	Sales of goods	Purchases of goods	Royalties & Technical fees	Rental Payments	Amounts owed by Related parties	Amounts owed to related parties
	$m's	$m's	$m's	$m's	$m's	$m's
Inflation adjusted 2006						
SABMiller Companies	(249 940)	134 213	546 173		10 091	(237 287)
Associates	(7 148)	191 638	(1 389)		37 935	(7 781)
Delta Pension Fund				9 916		
	(257 088)	325 851	544 784	9 916	48 026	(245 068)
Inflation adjusted 2005						
SABMiller Companies	(346 937)	36 906	601 877			(147 503)
Associates	(7 719)	317 048	(1 269)		54 195	(9 892)
Delta Pension Fund				16 199		
	(354 656)	353 954	600 608	16 199	54 195	(157 395)
Historical 2006						
SABMiller Companies	(97 726)	52 476	213 549		10 091	(237 287)
Associates	(2 795)	74 929	(543)		37 809	(7 781)
Delta Pension Fund				3 877		
	(100 521)	127 405	213 006	3 877	47 900	(245 068)
Historical 2005						
SABMiller Companies	(23 238)	2 472	40 314			(14 553)
Associates	(517)	21 236	(85)		5 347	(976)
Delta Pension Fund				1 085		
	(23 755)	23 708	40 229	1 085	5 347	(15 529)

Sales and purchases of goods were carried out at normal commercial prices.

Rentals are market related and are determined by an independent third party.
Amounts outstanding are unsecured and will be settled on normal terms. No guarantees have been given or received.

An amount of $10 billion (2005 – nil) has been recognised as an expense in respect of an amount owing by an associate company.

28.2 COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management during the year was as follows:

	INFLATION ADJUSTED		HISTORICAL	
	2006	2005	**2006**	2005
	$m's	$m's	**$m's**	$m's
Short-term benefits	**116 307**	149 910	**45 475**	10 041
Post-employment benefits	**9 650**	12 003	**3 773**	804
Share based payments	**207 923**		**40 366**	
	333 880	161 913	**89 614**	10 845
Included in the above amounts are the following in respect of directors' emoluments:				
Paid by subsidiaries:				
For services as directors	**982**	2 150	**384**	144
For managerial services	**332 898**	159 763	**89 230**	10 701
	333 880	161 913	**89 614**	10 845

The remuneration of directors and key executives is determined by the Remuneration Committee.

29. SHARE BASED PAYMENTS

In terms of the Company share option scheme, options were granted on 13 May and 12 August 2005. The estimated fair values of the options granted on those dates are Z$9,0 billion and Z$40,3 billion respectively. The Group recognised total expenses of $ 49,3 billion in respect of share options granted and the liability is disclosed in a share options reserve which forms part of equity.

These fair values were calculated using the Black-Scholes option pricing model, as adjusted for dividends by Robert Merton and the following weighted average assumptions for each grant.

29. SHARE BASED PAYMENTS (Continued)

	13 May 2005 $	12 August 2005 $
Weighted average fair value of options granted	3 258	5 175
Share price	5 100	8 100
Exercise price	5 100	8 100
Expected volatility	0,97	0,97
Expected option life	3,30 years	3,30 years
Expected dividends	3,50%	3,50%
Long-term risk free interest rate	75%	75%

Expected volatility was determined by calculating the historical volatility of the Company's share over four years and is expected to continue at a similar rate. The expected life is based on experience over a ten year period, but the life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions as regards closed periods and behavioural considerations. The weighted average value takes to account an expected 9% level of forfeiture.

30. NET FUTURE OPERATING LEASE COMMITMENTS

	HISTORICAL	
	2006 $m's	2005 $m's
Lease payments:		
– Payable within one year	**642 705**	5 072
– Payable two to five years	**2 446 182**	3 057
– Payable thereafter	**2 954 841**	2 432
	6 043 728	10 561

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.

31. COMMITMENTS FOR CAPITAL EXPENDITURE

	2006 $m's	2005 $m's
Contracts and orders placed	103 168	19 774
Authorised by directors but not contracted	8 383 532	450 903
	8 486 700	470 677

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

32. PENSION FUNDS

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

32.1 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.

32.2 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.

32.3 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 $150 000 per month (2005 – $22 500) for each employee.

32.4 PENSION COSTS RECOGNISED AS AN EXPENSE FOR THE YEAR

	INFLATION ADJUSTED		HISTORICAL	
	2006 $m's	2005 $m's	**2006 $m's**	2005 $m's
Defined contribution funds	**75 922**	249 397	**29 685**	17 702
National Social Security Authority Scheme	**12 711**	15 031	**4 970**	1 067
	88 633	264 428	**34 655**	18 769

33. FINANCIAL RISK MANAGEMENT

33.1 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.

33.2 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.

Notes to the Financial Statements

33. FINANCIAL RISK MANAGEMENT (Continued)

33.3 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.

33.4 LIQUIDITY RISK MANAGEMENT

The Group has no liquidity risk as shown by its unutilised banking facilities of $320 billion (2005 – $184 billion) and the demand for its corporate paper.

33.5 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.

33.6 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Company Balance Sheets

AS AT 31 MARCH

	Notes	INFLATION ADJUSTED 2006 $m's	INFLATION ADJUSTED 2005 $m's	HISTORICAL 2006 $m's	HISTORICAL 2005 $m's
ASSETS					
Non-Current Assets					
Investments in Associated Companies		**175 512**	160 123	**5 471**	1 436
Interest in Subsidiaries	A	**526 484**	651 569	**518 341**	61 482
		701 996	811 692	**523 812**	62 918
Current Assets					
Debtors – dividens receivable		**269 021**	1 206 536	**269 021**	119 039
		269 021	1 206 536	**269 021**	119 039
Total Assets		**971 017**	2 018 228	**792 833**	181 957
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	19	**3 163 738**	3 163 737	**51**	50
Share premium	20	**7 392 534**	6 260 317	**466 308**	48 145
Distributable reserves	23	**(9 911 729)**	(8 714 783)		4 618
Proposed Dividend	11	**324 639**	1 215 780	**324 639**	119 951
		969 182	1 925 051	**790 998**	172 764
Current Liabilities					
Creditors – accruals and dividends payable		**1 835**	93 177	**1 835**	9 193
TOTAL EQUITY AND LIABILITIES		**971 017**	2 018 228	**792 833**	181 957

A	INTEREST IN SUBSIDIARIES	2006	2005	2006	2005
	Shares at cost less provisions	8 163	15 893	20	764
	Indebtedness to the Company	518 321	635 676	518 321	60 718
		526 484	651 569	518 341	61 482

Details of all subsidiaries are provided in the Croup Structure included elsewhere in this report.

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 :

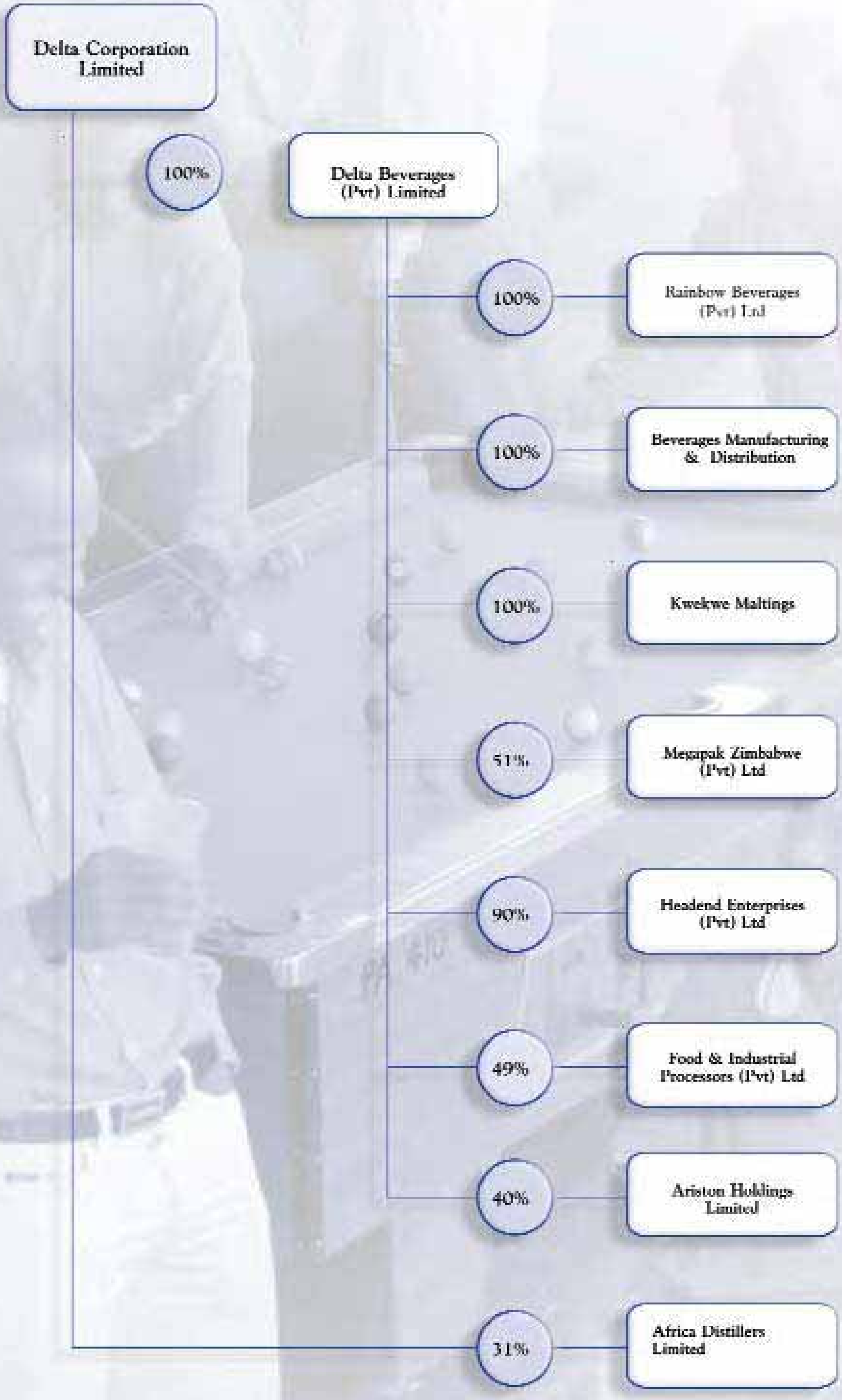
- Conduct environmental impact assessments when establishing new facilities;
- Utilise the best available technology to limit emissions and effluents, improve land eco-efficiencies and waste recovery;
- Support research into the protection of the environment;
- Conform to prescribed and self determined 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, develop sporting capacity and provide assistance to medical institutions;
- Provide education and training to employees in preventative health care, first aid and safety procedures;
- Develop and implement standards to achieve the highest industry safety standards;
- Provide on-site or adjacent primary health clinic facilities where possible for employees;
- Support research initiatives into dreaded diseases in Africa;
- Promote environmental awareness, responsibility, and training among all employees and the public at large;
- Continuously monitor and audit the environmental status of all its operations;
- Use raw materials and resources prudently;
- Promote the recycling and reprocessing of waste materials; and
- Ensure management accountability for the fulfilment of this obligation.

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

J S Mutizwa
Chief Executive Officer
12 May 2006

Portfolio of Businesses

GROUP STRUCTURE



Portfolio of Businesses
ACTIVITIES

BEVERAGES
MANUFACTURING AND DISTRIBUTION

LAGER BEER BUSINESS
Brewing lager beer, 2 Breweries
Castle Lager, Castle Milk Stout, Golden Pilsener, Lion Lager, Carling Black Label, Zambezi Lager, Zambezi Lite Lager, Bohlinger's Lager, Eagle Lager

TRADITIONAL BEER BUSINESS
Brewing sorghum beer,14 Breweries
Chibuku and Rufaro

CARBONATED SOFT DRINKS BUSINESS
Bottling carbonated soft drinks, 2 Bottling Plants
Coca-Cola, Diet Coke, Coke Light, Fanta, Sparletta, Sprite, Schweppes

NON-CARBONATED SOFT DRINKS BUSINESS
"Mr Juicy" range of syrups, crushes and ready to drink flavours.
Premier Plus Mahewu

TRANSPORT AND DISTRIBUTION BUSINESS
Provision and maintenance of primary and secondary vehicles & the distribution of beverage products
26 Workshops, 38 Delta Beverage Centres & 7 Customer Collection Depots

AGRO INDUSTRIAL

KWEKWE MALTINGS
Barley malting, 1 Malting Plant

MEGAPAK ZIMBABWE (PVT) LTD
Manufacture of PET, injection and blow moulded plastic products, 1 Factory

HEADEND ENTERPRISES (PVT) LTD
Manufacture of glass containers,1 Furnace

FOOD AND INDUSTRIAL PROCESSORS (PVT) LTD
Food processing, 1 Factory

AFRICAN DISTILLERS LIMITED
Wine & spirit producer, 3 Farms, 1 Distillery, 5 Depots

ARISTON HOLDINGS LIMITED
Agricultural producer, 3 Tea and Horticulture Estates,
Fruit and Vegetable Distributor

Directorate & Management

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

P Gowero	B.Sc.Econ.(Hons); MBL
R H M Maunsell	B.Bus.Sc; CA(Z); CA(SA)
Dr M S Mushiri	B.Sc.(Hons);MSc.Phd.

NON-EXECUTIVE DIRECTORS

C F Dube	LLB
S J Hammond	B.Comm; CA(Z) ~
M E Kahari	BA * ~
Mrs A S Kamba	BA(SA); PCE (London); MLS (Columbia Univ)
Dr E S Mazhindu	M.B.Ch.B.(Natal)
A C Parker	B.Econ (Hons)
T N Sibanda	B.Acc; CA(Z) *
G J van den Houten	B.Sc.Eng.; B Comm; MBL

* Member of the Audit Committee ~ Member of the Remuneration Committee

STANDING (left to Right): T N Sibanda • M E Kahari • Dr E S Mazhindu • P Gowero • A C Parker • Dr M S Mushiri • S J Hammond

SITTING (Right to Left): R H M Maunsell • Mrs A S Kamba • Dr R M Mupawose • J S Mutizwa • C F Dube

• Not in picture: G J van den Houten

SENIOR MANAGEMENT

J S Mutizwa	B.Sc.Soc.Sc.(Hons); MBA *	Chief Executive Officer
P Gowero	B.Sc.Econ(Hons); MBL	Executive Director – Beverages
R H M Maunsell	B. Bus. Sc.; CA(Z); CA(SA).	Executive Director – Finance
Dr M S Mushiri	B.Sc.(Hons);M.Sc.Phd	Executive Director – Packaging and Strategic Resources
M R Makomva	B.Acc(Hons); CA(Z); MBL	Managing Director – Megapak (Pvt) Limited
E R Mpisaunga	B.Sc (Hons) Animal Science	Marketing Director
Dr M S Mutopo	B.Sc. (Hons); M.Sc; Phd	Director – Technical Services
M M Valela	B. Tech (Accounts) ; CA(Z)	Group Treasurer
P B Murengami	FCMA; FCIS; MBA	General Manager – Transport Operations
A Makamure	B. Acc (Hons) CA(Z)	Company Secretary
J H Manyakara	B.Admin(Hons)	Director – Human Resources
A T Wright	B.Sc.Eng.; M.Sc; MBA	Director – Information Technology
Dr M G Nyandoroh	B.Sc (Hons); M.Sc; Phd	General Manager – Beverage Operations
D Taranhike	M.Sc; MBA	General Manager – Beverage Operations

Notice To Members

Notice is hereby given that the Fifty Ninth Annual General Meeting of Members of Delta Corporation Limited will be held at the Registered Office of the Company at Northridge Close, Borrowdale on Friday 28 July 2006 at 12 00 hours for the following purposes.

ORDINARY BUSINESS

1. To receive and adopt the Financial Statements for the year ended 31 March 2006, together with the Report of Directors and Auditors thereon.

2. To appoint Directors
   Dr R M Mupawose and Dr E S Mazhindu together with Messrs M E Kahari, G J van den Houten and P Gowero are due to retire by rotation. 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. **DIRECTORS FEES**
   To review fees payable to Chairman and Non-Executive Directors.

BY THE ORDER OF THE BOARD

A MAKAMURE
Company Secretary

Sable House
Northridge Close
Borrowdale
Harare
Zimbabwe

23 June 2006

Shareholders Analysis and Calendar

Size of Shareholding	Number of Shareholders	%	Issued Shares	%
1 to 5 000	2 320	64,0	2 952 528	0,3
5 001 to 10 000	321	8,9	2 327 447	0,2
10 001 to 25 000	306	8,4	4 964 061	0,5
25 001 to 50 000	220	6,1	7 891 938	0,8
50 001 to 100 000	150	4,1	10 817 297	1,1
100 001 to 200 000	105	2,9	15 258 673	1,5
200 001 to 500 000	89	2,5	27 787 431	2,7
Over 500 000	112	3,1	942 498 235	92,9
	3 623	**100,0**	**1 014 497 610**	**100,0**

Category				
Local Companies	285	7,9	23 213 816	2,3
Foreign Companies	4	0,1	367 376 707	36,2
Pension Funds	217	6,0	211 128 037	20,8
Nominees, local	138	3,8	122 439 842	12,1
Nominees, foreign	6	0,2	3 037 708	0,3
Insurance Companies	23	0,6	149 216 547	14,7
Resident Individuals	2 210	61,0	23 287 857	2,3
Non Resident Individuals	235	6,5	8 968 780	0,9
Investments & Trusts	374	10,3	96 796 198	9,5
Fund Manager	37	1,0	2 924 286	0,3
Deceased Estates	11	0,3	63 296	0,0
Other Organisations	83	2,3	6 044 536	0,6
	3 623	**100,0**	**1 014 497 610**	**100,0**

Included in the category of 'over 500 000 shares' is Delta Employee Participation Trust Company (Private) Limited which holds 8 861 240 shares on behalf of 3 195 employees who participate in the scheme.

TOP TEN SHAREHOLDERS

Shareholder	2006	%	2005	%
Rainier Inc.	189 023 467	18,6	185 392 430	18,5
SABMiller Zimbabwe BV	154 130 233	15,2	151 169 476	15,1
Old Mutual Life Assurance Co.	144 474 642	14,2	149 500 938	15,0
Old Mutual Zimbabwe Ltd	142 895 665	14,1	33 032 167	3,3
Post Office Savings Bank	3 109 103	5,2	53 109 103	5,3
Fed Nominees P/L	34 256 597	3,4		
Browning Investments NV	21 706 401	2,1	21 289 394	2,1
Barclays Bank Nominees (Pvt) NNR	19 140 994	1,9		
Datvest Nominees	11 696 897	1,2	13 725 339	1,4
Delta Employees Share Participation Trust Co	8 861 240	0.9		
OM Portfolio Holdings Ltd			109 863 498	11,0
Barclays Bank Nominees P/L			18 756 887	1,9
National Social Security Authority			9 554 440	1,0
Other	235 202 389	23,2	254 092 856	25,4
	1 014 497 610	100,0	999 486 528	100,0

Shareholders Analysis and Calendar |Continued|

MAJOR SHAREHOLDERS

	2006	%	2005	%
Old Mutual	287 370 307	28,3	292 396 603	29,3
SABMiller	364 860 101	36,0	357 851 300	35,8
	652 230 408	**64,3**	**650 247 903**	**65,1**

RESIDENT AND NON-RESIDENT SHAREHOLDERS

	2006	%	2005	%
Resident	640 625 465	63,1	596 916 723	59,7
Non-Resident	373 872 145	36,9	402 569 805	40,3
	1 014 497 610	**100,0**	**999 486 528**	**100,0**

SHARE PRICE INFORMATION

Mid Range Price at:	
30 June 2005	$4 500
30 September 2005	$7 200
31 December 2005	$27 000
31 March 2006	$38 000
Price Range:	
Highest: 2 January 2006	$68 000
Lowest: 13 June 2005	$4 000

CALENDAR

Fifty Ninth Annual General Meeting	28 July 2006
Financial Year End	31 March 2007

Interim Reports:	**Anticipated Dates:**
6 months to 30 September 2006	November 2006
12 months to 31 March 2007 and final dividend declaration	May 2007
Dividend Payment Date – final	July 2007
Annual Report Published	July 2007

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