DELTA

Delta Corporation Limited

ANNUAL REPORT 2007

DELTA CORPORATION
LIMITED

"WE ARE, AND SEEK TO REMAIN, AN INTEGRATED TOTAL BEVERAGE BUSINESS DOMINATING ALL SECTORS OF THE COLD BEVERAGE MARKET IN ZIMBABWE."

ORGANISATIONAL VISION

STRATEGIC INTENT

We are, and seek to remain, 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, Delta employees will be guided by 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."


LAGER BEER
TRADITIONAL BEER BUSINESS
SPARKLING SOFT DRINKS BUSINESS

CONTENTS

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	
	2007	2006
GROUP SUMMARY ($ million)		
Revenue	375 156	13 483
Cash value added	133 249	6 103
EBITDA	254 501	3 658
Income after taxation	189 406	2 774
Attributable and headline earnings	165 665	2 383
Funds on hand	(4 562)	155
Total assets	408 560	8 110
Market capitalisation	6 092 514	38 551
SHARE PERFORMANCE (dollars)		
Earnings per share		
– attributable and headline earnings basis	161,73	2,37
– cash equivalent earnings basis	132,33	2,09
Cash flow per share	25,04	0,86
Dividends per share	14,0	0,50
Net asset value per share	164,51	3,07
Market price per share	5 900	38
FINANCIAL STATISTICS		
Return on equity (%)	84,71	76,60
Operating margin (operating income to net sales) %	79,03	32,78

Figures for 2006 have been restated to take into account the impact of the decision to fully provide for deferred tax

CHAIRMAN'S STATEMENT

Dr Robbie M Mupawose
CHAIRMAN

INTRODUCTION

The economy has been in decline for the whole of the financial year. There has been a steady rise in inflation to take year on year inflation at the end of the year to 2200%. There was a strong surge in inflation towards the end of the year and for the month of March it exceeded 50%. This, and the attendant difficulty in obtaining foreign currency, has made the inbound supply chain for raw materials difficult to manage. Over the year, whilst there have been periodic shortages of certain brands or packs, it is pleasing to note that, with the exception of a period when there was a regional shortage of carbon dioxide for sparkling soft drinks, there have been no significant production stoppages.

The rise of inflation and, in particular, the surge in transportation costs has led to extreme pressure on consumer disposable income. Against this trend, demand, which softened considerably in the first quarter of the year, firmed for the remainder of the year and exhibited reduced price sensitivity in situations where changes to prices are in line with inflation expectations. Beverage volumes for the year are 4% below those of the previous year.

The winter barley crop was satisfactory. This is harvested around October of each year and provided sufficient grain to supply both internal and export requirements through to the next season. Export sales of barely malt grew by 38% and in the last year exceeded local usage. The outturn from the 2006/2007 summer crop for other grains is a cause for concern, it is likely to be the worst for several years and production will be well short of national requirements particularly for the staple maize. Sorghum on hand, including the low tannin sorghum needed for the production of sorghum lager, is sufficient for our needs.

Sales volumes from the plastics business, Megapak, have increased 2% despite a severe drop in sales to the carbonated soft drinks and cooking oil industries. The growth has come from a new venture into the recovery and recycling of plastic material for resale either as a raw material or as finished goods for the local market.

Glass sales for the year increased by 7% despite an unscheduled six-week maintenance shutdown of the furnace in November and December 2006. It has been the intention that once the back-log of local bottle requirements had been largely met, this business would move towards export sales. During the year exports increased to 23% of total volumes and this will increase further in the coming year.
During the year considerable advances were made in the production of mechanical spares for use throughout the Group. This is an import substitution project which commenced in the previous year with the acquisition of an engineering business for the specific purpose of manufacturing mechanical spares which were either difficult to

obtain, unreasonably expensive or required foreign currency. A wide range of spares has been identified which can be produced to original quality specifications and approximately 50% of mechanical spares needed by the business can now be produced internally.

The non-carbonated beverages business trading under the names Mr Juicy and Premier Plus Mahewu was disposed of with effect from the end of January 2007 to the joint venture partners in that business who had, before the start of this venture, been part of the management of the Group. This business unit did not meet expectations in terms of size with sales of the order of 2% of beverage volumes spread across quite a wide range of product lines. Its contribution was disproportionate to the management time spent on it.

FINANCIAL RESULTS

Historical attributable income growth for the year at 6665% considerably exceeded average inflation, as recorded by the Central Statistical Office, of 1301%. Included in this result, however, are amounts which can probably be considered normal in a hyperinflationary environment, but which tend to distort the results. These are the fair value adjustment of the Ariston biological assets, the Group share of which amounts to $11,8 billion, and the net of tax impact of container revaluations which amount to $46,6 billion. After adjusting for those amounts, attributable income grew by 4485% and earnings per share by 4402%.

The contribution by the Group to the fiscus remains substantial; company income tax, value added tax and excise duty amounted to $144,0 billion, an increase of 3587%. This does not include the substantial payments in the form of employee taxes.

In comparison to last year, gross margins and operating margins, after stripping out the revaluation impact, both improved as would be expected with rising inflation. Overheads increased ahead of inflation but in line with the increase in turnover; the increase was driven particularly by the movement of the exchange rate impacting on the cost of the imported spares portion of repairs and maintenance and the substantial increases in fuel prices. An exchange loss of $26,8 billion was incurred on the short term borrowings at Ariston, and whilst these were partly offset by gains on foreign currency debtors and bank accounts, a net loss of $3,9 billion was included in attributable income.

The Group shows a net borrowing of $4,6 billion; this is the result of a build up of stock and the borrowings at Ariston which will be repaid by the end of May out of the proceeds of exports.

Inflation is expected to remain high for at least the next six months and this can be expected to cause a surge in working capital requirement. This, together with an expectation of continued tight monetary policy and high interest rates has resulted in a decision by the directors to continue to conserve cash by increasing dividend cover and by offering the option of a scrip dividend as an alternative to cash.

INVESTMENT AND FUNDING

Capital expenditure during the year amounted to almost $26 billion and total investment in containers amounted to a further $23 billion.

DIRECTORS

Mrs A S Kamba and Dr E S Mazhindu retire from the Board at the end of May 2007 having served as directors for four and ten years respectively. We thank them for their contribution to the Company and for their wise counsel over the years.

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 policy which provides for deferred tax on a discounted basis has not been in compliance with international standards on accounting and has resulted in the auditors issuing an audit report with their opinion qualified in respect of this aspect of the financial statements.

The International Accounting Standards Board has dropped from its agenda a project to consider discounting which would have addressed the principle of discounted deferred tax; this means that the qualification of the audit opinion would be likely to continue for the foreseeable future. The Directors are of the view that, notwithstanding the theoretical arguments in favour of discounted deferred tax, particularly in a high inflation environment, it is not in the interests of the Company to continue to have a qualified audit report. Accordingly, the policy on deferred tax has been changed to fully comply with the requirements of the relevant accounting standard.

Full details of the impact of this change in policy have been disclosed in Note 2 to the financial statements.

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 is committed to playing its part in reducing the impact of HIV/AIDS on staff, their families and the business through effective partnerships and workplace programmes rooted in culturally appropriate prevention messages linked to improved support for HIV positive staff and their families. It has been felt for some years that the uptake of anti-retroviral therapy which is available to all the Company's permanent staff and their families has been well below suspected levels of infection though numbers have been slowly increasing. To create a step change in this programme and to strengthen organisational capacity for managing the HIV/AIDS programme, an HIV/AIDS Co-ordinator has been appointed. In addition, an HIV/AIDS National Committee is now in place and the requisite training for the members has been given. Regional and business unit committees will be appointed in due course. The areas of strategic focus for the coming year will be: the launch of a Voluntary Counselling & Testing initiative which will include mobile New Start Centres at our bigger centres, intensification of the Peer Educators' thrust, and the carrying out of a Knowledge, Attitudes and Practices (KAP) survey to underpin the HIV/AIDS programme.

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 for disadvantaged communities continued for its eleventh year and together with the Coca Cola Foundation a classroom block was handed over in Mashonaland West. The annual support for forty 'A' level students and a number of students at tertiary level coming from economically disadvantaged backgrounds but having high academic potential was continued this year.

For its continued investments in corporate social responsibility the Company received public recognition in November 2006 with the receipt of three Asakheni Awards.

A new initiative pioneered in the review period is the project addressing corporate governance and business ethics issues. Working in partnership with the Institute of Directors, entrepreneurs in the small and medium enterprises sector were trained on corporate governance and business ethics. A further initiative in the same vein was the launch of the Delta Corporation Business Ethics Award which involves university students teaching business ethics and corporate governance to businesses and schools.

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. During this year the Company introduced the 'Commitment to Responsibility' campaign where we educated our retailers on the subject.

HUMAN RESOURCES

The business enjoyed relatively sound industrial relations during another year of a tough operating environment.

The Company has taken the view that given the growing skills flight from the country, the retention of key skills is of strategic importance to the Group's future performance. In the year under review the Group was relatively successful in this endeavour.

The importance of training in providing skills for the future is recognised in the use of three in-house facilities, the Mandel Training Centre, the Delta Technical Institute and the Delta Driver Training Centre, to provide formal training to staff in a wide range of disciplines.

In addition to this formal training, the company has responded to the flight of technical skills from the country with a programme of on-the-job skills transfer from identified competent and experienced artisans to cover specific gaps is the skills base of less experienced artisans.

FUTURE PROSPECTS

Economic recovery will require significant changes to economic policies including the relaxation of controls and a move towards the operation of market forces to create a more predictable enabling environment for businesses. The upward trend in inflation is well established and will not reverse unless steps are taken to secure funding from non-inflationary sources for recurrent Government expenditure.

We are supportive of the initiative underway to reach a tripartite agreement between Government, labour and business on a way forward to economic recovery. Recovery is only possible if each of the parties is prepared to take significant short term pain in order to avoid an otherwise inevitable continued economic collapse and considerable longer term pain.

With rising inflation, and the impact of the poor summer agricultural season, real incomes and disposable incomes are going to be constrained; this is expected to have a knock-on effect on demand for consumer products.

Management efforts will continue to be aimed at securing the supply of inputs where it is expected that difficulties will continue due to severe shortages of foreign currency and the need for the country to import maize. Whilst it may become necessary to rationalise production to match availability of supplies, the primary focus will be on reducing dependency, where possible, on inefficient suppliers and imported products, and to this end local supply of spares is being expanded and a project is underway to increase the local supply of carbon dioxide for soft drinks.

APPRECIATION

I would to thank all employees for their continued efforts during the year and my fellow directors for their support; this year was again a difficult one, and the good results are a testimony to the efforts made.

Dr Robbie M Mupawose
CHAIRMAN
11 May 2007

PORTFOLIO OF BRANDS

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

SPARKLING SOFT DRINKS BUSINESS
Coca-Cola, Coca-Cola Light, Fanta, Sparletta, Sprite, Schweppes

TRADITIONAL BEER BUSINESS
Chibuku and Rufaro

LAGER BEER

The lager beer business has continued with brand sponsorship of charities, cultural events and sport. The 47th 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.

Lager beer volumes remained stable during the year despite the pressure on consumer spending power. The sorghum based lager, Eagle, has grown to 9% of total lager volumes for the year.

LAGER BEER

Lager beer volumes remained stable during the year despite the pressure on consumer spending power. The sorghum based lager, Eagle, has grown to 9% of total lager volumes for the year. Demand for lager beer started the year relatively soft with the first quarter 23% down on the prior year; demand then firmed in subsequent periods with the peak festive season coming through strongly after the disappointment of last year. Product availability was good, though there were short periods when the market was undersupplied with certain brands due to raw material shortages. The 750 ml 'Quart' bottle continues to grow in popularity and in the last quarter of the year made up 56% of total lager beer sales.

The lager beer business has continued with brand sponsorship of charities, cultural events and sport. The 47th 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 Lager was again one of the major sponsors of the Kariba International Tiger Fishing competition, one of the largest single species freshwater angling competitions in the world, attracting nearly 600 competitors in 170 teams including

*The **750 ml** 'Quart' bottle continues to grow in popularity and in the last quarter of the year made up **56%** of total lager sales.*

some from outside the country. Other brand sponsorship continued with: the Carling Black Label National 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 and raises money for charity; Lion brand sponsored the Global Stage at the Harare International Festival of the Arts: Bohlingers as the official beer to the Zimbabwe International Film Festival; Zambezi as the official beer to the Victoria Falls marathon.

TRADITIONAL BEER BUSINESS

The finals of the Chibuku Neshamwari Traditional Dance Festival competition, took place in the Harare Gardens Open Theatre in September 2006. This is an adult traditional dance competition which seeks to encourage dance traditions from all over the country and has been sponsored by Delta since 1966.

Chibuku volumes ended the year at the same level as last year. This was after a slow start to the year, particularly in the first quarter, and then firmer demand.

TRADITIONAL BEER BUSINESS

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*The Chibuku **Road** to **Fame** is the **biggest musical group talent** identification platform in the **country.***

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SPARKLING
Soft Drinks Business

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.

Volumes for the year were 17% below those of the previous year. This is a product range which is heavily dependent on imported raw materials.

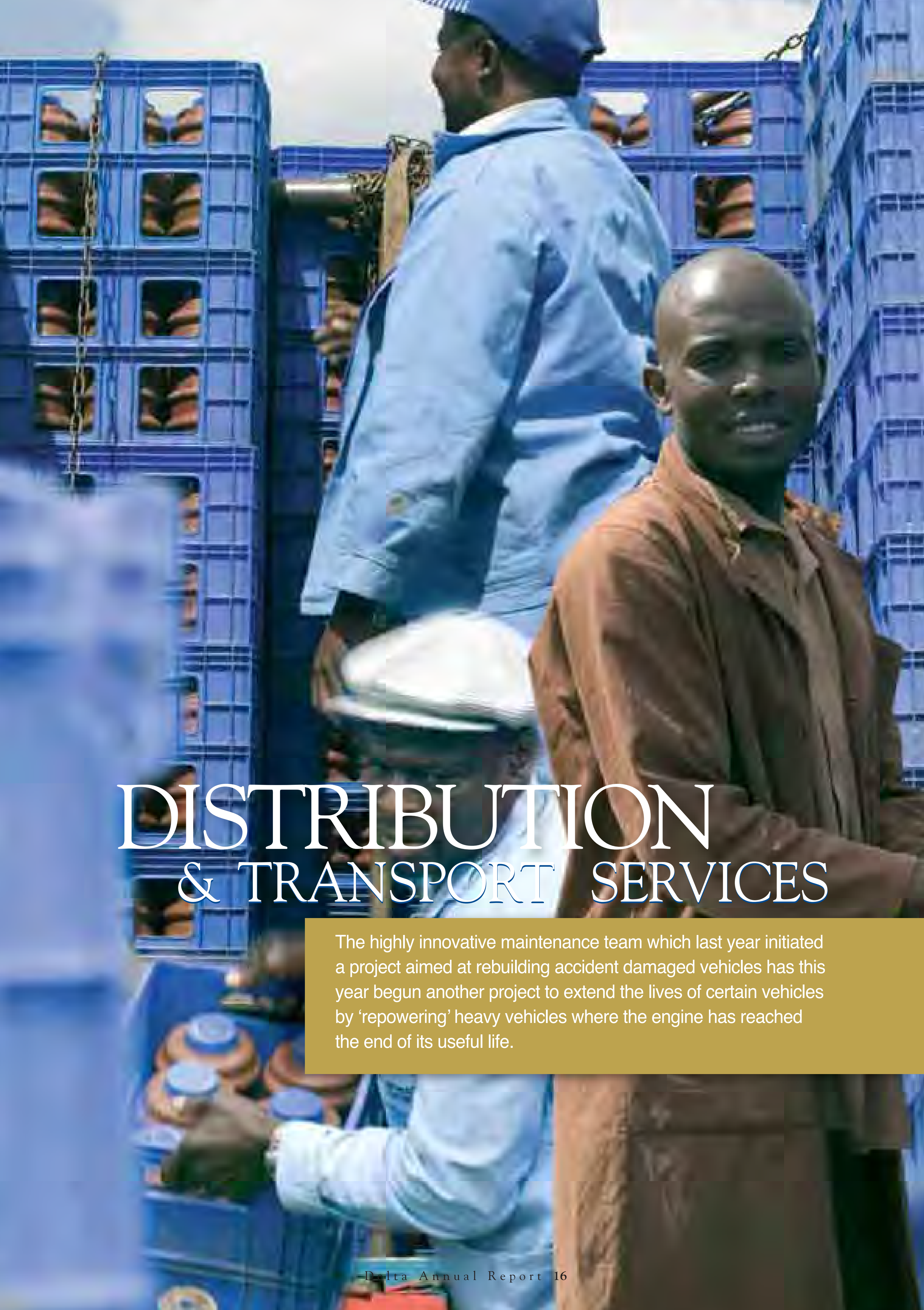
SPARKLING SOFT DRINKS BUSINESS

Sparkling Soft Drink volumes for the year were deliberately managed down in order to bring demand into equilibrium with the supply of imported inputs. Volumes for the year were 17% below those of the previous year. This is a product range which is heavily dependent on imported raw materials. Early in the year the market was undersupplied because of concentrate shortages related to currency supply and then as demand came on for the peak festive season there was a serious regional shortage of carbon dioxide: for a period of six weeks in November and December the whole region was subject to a shortage which amounted to about 20% of normal usage.

During the year a more affordable range of sparkling soft drinks came to the market under the Sparletta banner. This range was launched in October 2006 and now contributes around 3,5% of the sparkling soft drinks market.

This year saw sponsorship of School's Rugby, the Coca-Cola NASH soccer tournament which was launched in 1989 and sponsorship of schools basketball though brand Sprite.

The Fanta Mega Music Party took place again in October in Bulawayo. In September the Schools Assistance Trust, a partnership between Delta Corporation and the Coca-Cola African Foundation was officially launched. The Trust was set up in 2003 to formalise the association between Delta and Coca-Cola which has to date constructed and handed over 70 classroom blocks across the country.



DISTRIBUTION & TRANSPORT SERVICES

The highly innovative maintenance team which last year initiated a project aimed at rebuilding accident damaged vehicles has this year begun another project to extend the lives of certain vehicles by ‘repowering’ heavy vehicles where the engine has reached the end of its useful life.

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.

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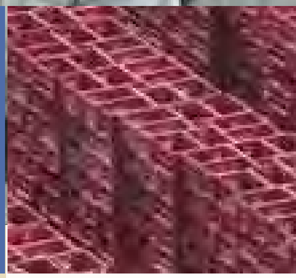
The highly innovative maintenance team which last year initiated a project aimed at rebuilding accident damaged vehicles has this year begun another project to extend the lives of certain vehicles by 'repowering' heavy vehicles where the engine has reached the end of its useful life. This project, which involves replacing spent motors with new, more modern engines for which spares are more readily available, will have the effect of extending the life of the vehicles by at least five years. By the end of the year there were nine such repowered vehicles operating satisfactorily.

Two new distribution centres were commissioned in Mvurwi and Gokwe: these are designed to handle all beverages and to facilitate more efficient distribution to these key markets, in both cases on site heavy vehicle workshops were included in the design as part of a project to decentralise maintenance.

The new Barley variety, Odzi, was grown in Commercial quantities for the first time.



Megapak Volumes for the year were **2%** up on the prior year.

MALTINGS BUSINESSS

Malt sales volumes increased by 16% to almost 29 000 tonnes. Sales last year were constrained by a poor 2004 crop which suffered from in-field germination due to prolonged early rains. The 2005 and 2006 winter crops have both been satisfactory and this has meant that there was adequate supply for local needs and it was possible to increase exports to the point that export tonnage slightly exceeded the local usage.

Over the last six years the capacity for winter crop irrigation has declined significantly as can be clearly seen in the fall in production of wheat of the order of 80%. The fact that barley production has been largely constant over this period, varying only due to climatic conditions, is a testimony to the organisational skills and innovative approach of the agricultural services operation of the Company.

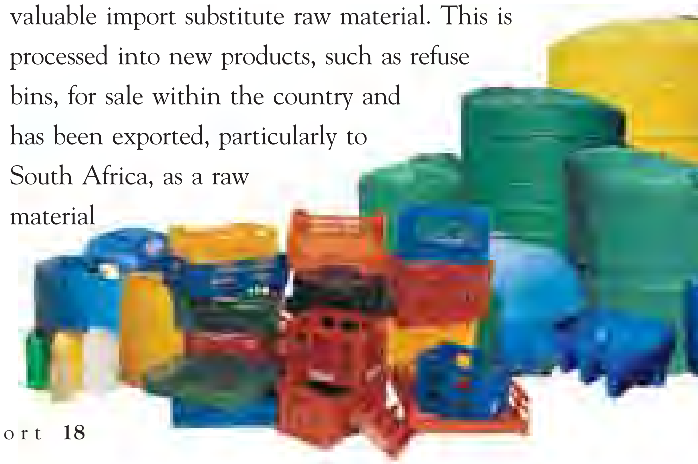
This year, the new variety, named Odzi, bred for robust disease resistance and higher dormancy characteristics, has been grown in commercial quantities and will be subjected to production scale malting and brewing trials. A further new variety, currently unnamed, is undergoing testing and may be produced in greater quantities in the coming season.

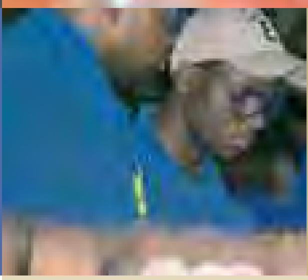
MEGAPAK ZIMBABWE

Volumes for the year were 2% up on the prior year. Whilst the large injection moulding and the PET factories suffered from low demand due to reduced production by bakeries and the edible oil industry respectively, total volumes have been boosted by two projects.

The company acquired and commissioned a new mould to produce 28 mm closures of the type used on non carbonated drinks including water. This product has been well received by the market which has typically imported this closure in the past.

During this year, work, which had commenced in the previous year, was completed and a new project which recycles plastic crates and certain other plastic materials was commissioned. This facility processed over 1100 tonnes of material during the year, primarily crates, 'Scud' bottles and certain types of closures and in doing so turned environmentally unfriendly waste into a valuable import substitute raw material. This is processed into new products, such as refuse bins, for sale within the country and has been exported, particularly to South Africa, as a raw material





Headend Enterprises (Private) Limited which operates a glass factory in Gweru has now completed its second full year of operation.

Tea and flower volumes are up **47%** and **9%** respectively, but the full impact of higher yields is still to be seen as tea sales were underway at the end of the year .

HEADEND

Headend Enterprises (Private) Limited which operates a glass factory in Gweru has now completed its second full year of operation. Production tonnages have grown by 7% despite a six week unscheduled maintenance shutdown in November and December 2006.

The first two years of production from this furnace were aimed primarily at the local market which had been undersupplied. In the year under review it has been possible to shift a greater portion of production to the export market which is buoyant due to a severe undersupply of bottles in the region. Exports made up almost a quarter of total sales for the year and this proportion is set to rise in the coming year.

ARISTON

The majority of the company's production is in commodities for the export market, but this year has seen an increase in products for the local market to provide local currency funding and to provide a measure of protection against exchange rate policy that has not favoured exporters.

Following a successful rights issue in November 2006, in which Delta Corporation Limited followed its rights, the company recapitalised certain of its operations and was in a position to considerably improve the level of inputs for the summer cropping season. This, and a better rainfall pattern at the start of the season, has resulted in much improved yields. Tea and flower volumes are up 47% and 9% respectively, but the full impact of higher yields is still to be seen as tea sales were underway at the end of the year and macadamia harvesting had not yet started. The output of fruit decreased due to hail damage in the Eastern Highlands.

REPORT OF THE DIRECTORS

The Directors present their Sixtieth Annual Report and the Audited Financial Statements of the Group for the year ended 31 March 2007.

YEAR'S RESULTS

		$m's	$m's
Earnings attributable to shareholders			165 665
Less: Dividends			
Interim:	$ 1,40 per share paid January 2007	1 433	
Final:	$12,60 per share payable July 2007	13 011	
Total:	$14,00 per share (2006 – $ 0,50)		14 444
			151 222
Add: Distributable reserves at beginning of year			2 358
Adjustment for prior periods deferred tax			(86)
Distributable reserves at end of year			153 493

The Inflation adjusted figures are shown in the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Capital expenditure for the year to 31 March 2007 totalled $25 625 million. The capital expenditure for the year to 31 March 2008 is planned at $1 244 222 million.

INVESTMENTS

The Company's effective shareholding in African Distillers Limited is 29,8%, that in Ariston Holdings Limited was at 41,9%

SHARE CAPITAL

The authorised share capital of the Company remains unchanged at 1 400 000 000 ordinary share of 0,005 cents each. The issued share capital has increased by the allotment of 10 357 500 ordinary shares in accordance with the share option schemes and 7 774 424 ordinary shares in respect of the scrip in lieu of a dividend. The ordinary shares in issue now total 1 032 629 534.

The issued share capital, therefore, is $52 000 with a share premium of $798 million. The number of shares currently under option is 42 705 800.

RESERVES

The movements in the Reserves of the Company are shown in the Group Statements of Changes in Equity.

REPORT OF THE DIRECTORS

DIRECTORS

Mr P Gowero resigned from the Board on 1 September 2006 on secondment to SABMiller as Managing Director of Zambian Breweries Group. Mrs A S Kamba and Dr E S Mazhindu retired from the Board at the end of May 2007 after serving on the Board for four and ten years respectively.

Messrs C F Dube, A C Parker and T N Sibanda are due to retire by rotation. All being eligible, they will offer themselves for re-election.

AUDITORS

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

ANNUAL GENERAL MEETING

The Sixtieth Annual General Meeting of the Company will be held at 12:00 hours on Friday 27 July 2007 at the Registered Office of the Company.

BY ORDER OF THE BOARD

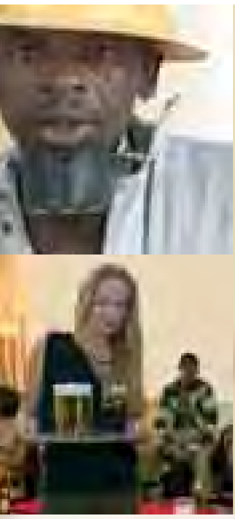
DR R M MUPAWOSE
Chairman

J S MUTIZWA
Chief Executive Officer

A MAKAMURE
Company Secretary

11 May 2007

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.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

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 in compliance with Company policies on risk, the process is reviewed centrally on a quarterly basis and is supervised by the Audit Committee.

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 decided several years ago not to fully provide for deferred taxation on 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 and instead to provide for deferred taxation on a discounted basis. Whilst there are still strong theoretical arguments in favour of discounting of deferred tax liabilities, such an approach is prohibited by the standard and it now appears unlikely that the International Accounting Standards Board will be addressing this matter in the foreseeable future. Accordingly, the Directors are of the view that an ongoing qualification by the auditors of their opinion is not in the interests of the Company and the decision has been made to change the policy on deferred tax to fully comply with the requirements of the standard.

DIRECTORS' RESPONSIBILITY
FOR FINANCIAL REPORTING

Delta's directors are required by the Companies Act (Chapter 24:03) to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed, suitable accounting policies have been used, and applied consistently, and reasonable and prudent judgements and estimates have been made. The financial statements incorporate full and responsible disclosure in line with the stated accounting philosophy of the Group on page 23.

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 March 2008. 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 25.

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 2007, which appear on pages 27 to 60 were approved by the Board of Directors on 11 May 2007 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 accompanying inflation adjusted financial statements of Delta Corporation Limited, which comprise the balance sheet as at 31 March 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 27 to 60.

Director's Responsibility for the Financial Statements

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the inflation adjusted financial statements present fairly, in all material respects, the financial position of Delta Corporation Limited as of 31 March 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act (Chapter 24:03).

Deloitte.

Deloitte & Touche

Deloitte & Touche
Harare
12 June 2007

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Financial Statements

Group Income Statements
FOR THE YEARS ENDED 31 MARCH

	Notes	INFLATION ADJUSTED 2007 $m's	INFLATION ADJUSTED 2006 $m's	HISTORICAL 2007 $m's	HISTORICAL 2006 $m's
REVENUE	7	1 183 151	793 202	375 156	13 483
Net gain on container deposit increase		192 525	2 975	66 730	2
Fair Value Adjustment – Biological Assets		29 383	8 356	39 260	363
NET OPERATING COSTS	8	(961 065)	(701 087)	(230 120)	(10 310)
OPERATING INCOME		443 994	103 446	251 026	3 538
Net financing income	9	32 447	17 174	15 772	116
Monetary loss		(186 044)	(105 063)		
Equity accounted earnings		3 283	(6 141)	3 147	80
		293 680	9 416	269 945	3 734
Taxation	10	(95 803)	2 840	(80 539)	(960)
INCOME AFTER TAXATION		197 877	12 256	189 406	2 774
Attributable to:					
Equity holders of the parent company		182 607	8 741	165 665	2 383
Minority interest		15 270	3 515	23 741	391
		197 877	12 256	189 406	2 774
EARNINGS PER SHARE (DOLLARS)					
– attributable and headline earnings basis	4.6	178,27	8,69	161,73	2,37
– cash equivalent earnings basis	4.7			132,33	2,09
DIVIDENDS PER SHARE (DOLLARS)	11	22,15	21,15	14,0	0,5

Group Cash Flow Statements

FOR THE YEARS ENDED 31 MARCH

	Notes	INFLATION ADJUSTED 2007 $m's	INFLATION ADJUSTED 2006 $m's	HISTORICAL 2007 $m's	HISTORICAL 2006 $m's
Cash retained from operating activities					
Cash generated from trading	12.1	310 590	67 518	213 490	3 226
Utilised to increase working capital	12.2	(257 574)	(22 775)	(193 383)	(2 166)
Cash generated from operating activities		53 016	44 743	20 107	1 060
Net financing income		32 447	17 174	15 772	116
Taxation paid	12.3	(24 991)	(46 706)	(5 820)	(171)
Cash flow from operations		60 472	15 211	30 059	1 005
Dividends paid	12.4	(14 882)	(44 066)	(1 513)	(316)
Net cash generated / (expended)		45 590	(28 855)	28 546	689
Cash utilised in investment activities					
Investment in Subsidiary		(885)	(1 526)	(130)	(37)
Investment to maintain operations					
Replacement of fixed assets		(30 412)	(22 035)	(14 382)	(366)
Proceeds on sale of Non-Carbonated Beverages business		95		46	
Proceeds on disposal of fixed assets		2 618	1 316	1 308	43
		(27 699)	(20 719)	(13 028)	(323)
Investment to expand operations					
Fixed asset additions		(23 798)	(12 756)	(11 253)	(292)
Increase in loans and investments		(4 866)	1 320	(9 583)	(187)
		(28 664)	(11 436)	(20 836)	(479)
Net cash invested		(57 248)	(33 681)	(33 994)	(839)
Cash generated from financing activities					
Movement in long-term borrowings		(462)	441	(20)	20
Increase in shareholder funding	12.5	3 984	80	751	3
Net cash generated from financing activities		3 522	521	731	23
Net movement in cash and cash equivalents		(8 136)	(62 015)	(4 717)	(127)
Cash and cash equivalents at beginning of year		3 574	65 589	155	282
Cash and cash equivalents at the end of year	12.6	(4 562)	3 574	(4 562)	155
Cash flow per share (dollars)	4.8	60,76	20,67	25,04	0,86

Group Cash Value Added Statements
FOR THE YEARS ENDED 31 MARCH

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	2007 $m's	2006 $m's
CASH GENERATED				
Cash derived from sales	1 132 439	617 361	303 875	12 704
Income from investments		441		3
	1 132 439	617 802	303 875	12 707
Cash payments to suppliers of materials, facilities & services	(749 553)	(284 399)	(172 360)	(6 604)
Cash value added	382 886	333 403	131 515	6 103
Cash utilised to :				
Remunerate employees for their services	131 914	104 208	50 925	1 857
Pay income, sales and excise taxes to Government	259 924	225 182	84 278	3 245
Received from lenders as a return on monies invested	(69 424)	(11 199)	(33 746)	(4)
Provide shareholders with a reward for the use of their risk capital	14 882	44 066	1 512	316
CASH DISBURSED AMONG STAKEHOLDERS	337 296	362 257	102 969	5 414
CASH RETAINED IN THE BUSINESS				
Cash retained from shareholders in exchange for scrip	3 151		311	
Further retentions	42 439	(28 854)	28 235	689
NET CASH RETAINED/(EXPENDED)	45 590	(28 854)	28 546	689

Group Balance Sheets

AS AT 31 MARCH

	Notes	INFLATION ADJUSTED 2007 $m's	INFLATION ADJUSTED 2006 $m's	HISTORICAL 2007 $m's	HISTORICAL 2006 $m's
ASSETS					
Non-Current Assets					
Property, plant and equipment	13	405 814	389 482	27 132	2 007
Biological assets	14	39 836	10 242	39 836	445
Investments in associates	15	10 959	7 676	3 194	101
Investments and other long-term assets	16	12 832	7 919	9 846	214
		469 441	415 319	80 008	2 767
Current Assets					
Inventories	17	392 594	139 162	200 383	2 907
Trade and other receivables	18	114 899	60 731	101 837	2 115
Short-term loans		283	373	283	16
Cash and cash equivalents		26 049	7 035	26 049	305
		533 825	207 301	328 552	5 343
Total Assets		1 003 266	622 620	408 560	8 110
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	19	246 037	242 820	798	466
Share options reserve	20	21 017	5 841	2 576	49
Retained earnings	22	259 003	99 179	153 493	2 272
Proposed dividend	11	13 011	7 470	13 011	325
Equity attributable to equity holders of the parent		539 068	355 310	169 878	3 112
Minority interest	23	75 998	58 170	25 690	1 094
Total Equity		615 066	413 480	195 568	4 206
Non-Current Liabilities					
Borrowings	24		462		20
Deferred tax liabilities	10	190 245	128 732	15 037	409
		190 245	129 194	15 037	429
Current Liabilities					
Borrowings	24	30 611	3 461	30 611	150
Trade and other payables	25	106 462	56 443	106 462	2 454
Current tax liabilities		60 882	20 042	60 882	871
		197 955	79 946	197 955	3 475
Total Equity and Liabilities		1 003 266	622 620	408 560	8 110

Group Statements of Changes in Total Equity

FOR THE YEARS ENDED 31 MARCH

	Notes	INFLATION ADJUSTED		HISTORICAL	
		2007 $m's	2006 $m's	2007 $m's	2006 $m's
Total equity at the beginning of the year		415 447	375 657	4 292	623
Effect of change in accounting policy:					
– effect of change in accounting for deferred tax		(1 967)	(4 643)	(86)	(20)
As restated		413 480	371 014	4 206	603
Share capital issued – parent	19	3 216	26 044	332	418
Recognition of share based payments	20	15 176	5 841	2 527	49
Earnings attributable to shareholders of the parent		182 607	8 741	165 665	2 383
Dividends declared – parent					
– prior year final		(7 470)	(27 969)	(325)	(120)
– current year interim		(9 772)	(13 857)	(1 433)	(182)
Earnings attributable to minority shareholders		15 270	3 515	23 741	391
Dividends declared – subsidiary					
– prior year final		(494)	(1733)	(21)	(7)
– current year interim		(303)	(506)	(44)	(7)
Investment in Subsidiary – minority share		3 998	42 390	746	678
Minority share of disposal of subsidiary		(642)		174	
Total equity at the end of the year		615 066	413 480	195 568	4 206

Group Five Year Financial Review

FOR THE YEARS ENDED 31 MARCH

	HISTORICAL FINANCIAL INFORMATION				
	2007 $m's	2006 $m's	2005 $m's	2004 $m's	2003 $m's
CONSOLIDATED INCOME STATEMENTS					
REVENUE	375 156	13 483	2 348	580	104
Taxed operating income	167 984	2 765	445	135	23
Taxed interest receivable / (payable)	21 422	9	31	(20)	–
Income after taxation	189 406	2 774	476	115	23
Attributable to minorities	(23 741)	(391)	(30)	(8)	(1)
Earnings attributable to ordinary shareholders	165 665	2 383	446	107	22
Dividends	(14 444)	(507)	(152)	(23)	(6)
Retained earnings	151 221	1 876	294	84	16
CONSOLIDATED BALANCE SHEETS					
ASSETS					
Non-current assets	80 008	2 767	184	44	14
Current assets	328 552	5 343	987	301	48
TOTAL ASSETS	408 560	8 110	1 171	345	62
EQUITY AND LIABILITIES					
Shareholders' equity	169 878	3 112	570	126	26
Minority interest	25 690	1 094	39	9	1
Total shareholders' equity	195 568	4 206	609	135	27
Deferred taxation	15 037	409	19	6	2
Long-term borrowings		20	–	–	–
Current liabilities	197 955	3 475	543	204	33
TOTAL EQUITY AND LIABILITIES	408 560	8 110	1 171	345	62

Group Statistics

FOR THE YEARS ENDED 31 MARCH

HISTORICAL INFORMATION

	2007	2006	2005	2004	2003
SHARE PERFORMANCE					
PER SHARE (DOLLARS)					
Attributable earnings	**161,73**	2,37	0,49	0,12	0,026
Headline earnings	**161,73**	2,37	0,49	0,13	0,026
Cash equivalent earnings	**132,33**	2,09	0,48	0,12	0,025
Dividends	**14,0**	0,5	0,15	0,026	0,003
Cash flow	**25,04**	0,86	0,45	0,004	0,013
Net asset value	**164,51**	3,07	0,62	0,14	0,003
Closing market price	**5 900**	38	4	0,145	0,24
ZSE industrial index	4 026 327	31 045	2 484	348	180
SHARE INFORMATION					
In issue (m's)	**1 033**	1 014	999	899	884
Market capitalisation ($m's)	**6 092 514**	38 551	4 098	130	212
Trading volume (m's)	**35**	53	108	82	126
Trading percentage (%)	**3,45**	5,29	11,5	9,3	14,3
RATIOS AND RETURNS					
PROFITABILITY					
Return on equity (%)	**84,71**	76,60	85,1	84,1	84,3
Income after taxation to total capital employed (%)	**49,51**	59,4	77,7	64,9	71,1
Taxed operating return (%)	**69,68**	34,9	39,2	40,3	71,8
Pretax return on total assets (%)	**66,09**	46,0	59,5	47,9	52,2
SOLVENCY					
Long-term debt to total Shareholders' funds (%)		0,47	0,02	0,10	0,34
Interest cover (times)	**n/a**	n/a	n/a	6,5	65,7
Total liabilities to total Shareholders' funds (%)	**108,92**	88,9	87,9	147,2	121,6
LIQUIDITY					
Current assets to interest free liabilities & short-term borrowings	**1,66**	1,54	1,82	1,48	1,43
PRODUCTIVITY					
Turnover per employee ($m's)	**62,94**	1,27	0,33	0,099	0,017
Turnover to payroll (times)	**7,36**	7,26	7,86	9,70	10,77
Cash value added to payroll (times)	**4,66**	3,29	4,40	3,69	4,72
OTHER					
Number of shareholders	**4 007**	3 623	3 104	3 104	3 081

INFLATION ADJUSTED INFORMATION

	2007	2006	2005	2004	2003
PER SHARE (DOLLARS)					
Attributable earnings	**178,27**	8,69	2,96	2,24	4,26
Headline earnings	**178,27**	8,69	2,96	2,26	4,33
Net asset value	**523,86**	350,23	26,3	14,8	16,2
SOLVENCY					
Long-term debt to total Shareholder's funds (%)		0,11	0,10	0,20	1,01
Interest cover (times)	n/a	n/a	n/a	26,15	1 501,3
Total liabilities to total Shareholders' funds (%)	**63,12**	49,87	344,41	700,37	649,89

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.

With effect from 1 August 2006, the currency of Zimbabwe was restated by the removal of three zeros. Thus all amounts were divided by 1 000 to give 'revalued' dollars. In these financial statements all amounts, including those relating to prior periods, have been restated and are shown in revalued Zimbabwe dollars.

2. CHANGE IN ACCOUNTING POLICY

In the current year, the Group has changed its accounting policy for deferred tax in order to fully comply with the requirements of International Financial Reporting Standards, and, in particular, with IAS 12 'Income Taxes'. The policy used in the past discounted future tax liabilities, whereas the policy now applied provides for the deferred tax liability in full without discounting.

The change in accounting policy has affected amounts reported in current and prior years. Prior year figures previously reported have been restated to reflect the application of this standard. The impact has been as follows:

Inflation adjusted financial statements
For 2007 and 2006 respectively:

- The tax charge has been reduced and income after taxation has been increased by $1 131 million and $2 676 million.
- Earnings per share has been increased by 110 cents and 266 cents.
- In the balance sheet the deferred tax balance has been increased and equity has been reduced by $2 691 million and $1 967 million.

Historical cost financial statements
For 2007 and 2006 respectively:

- The tax charge has been increased and income after taxation has been reduced by $3 099 million and $66 million.
- Earnings per share has been reduced by 302 cents and 7 cents.
- In the balance sheet the deferred tax balance has been increased and equity has been reduced by $2 691 million and $86 million.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS)

3.2 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.

3.3 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 2007, using a 2001 base year, are as follows:

	Index	Conversion Factor
31 March 2007	2 008 932,1	1,000
31 March 2006	87 337,5	23,002
31 March 2005	8 616,9	233,139

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.

3.4 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 interest 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, incomes and expenses are eliminated on consolidation.

3.5 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.

3.6 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.

3.7 FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign assets and liabilities of the Group are converted to Zimbabwe currency at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are translated to Zimbabwe currency at rates of exchange ruling at the time of the transactions. Transaction and translation gains or losses arising on conversion or settlement are normally dealt with in the income statement in the determination of the operating income.

3.8 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 borrowings costs are recognised in profit or losses in the period in which they are incurred.

3.9 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 the operating income for the year.

3.10 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 operation 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.

3.11 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.

3.12 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.

3.13 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.

Investments regarded as financial assets held for trading 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.

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 REVENUE

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 TAXATION

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other year and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets

are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit not the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intents to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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.

3.18 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainly at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assts and liabilities within the next financial year.

Share-based payments
The assumptions and methodology underlying the valuation of share based payments are fully described in note 27.

Guarantees
The Group has an outstanding guarantee in respect of a former Group company under which it could be called upon to settle an amount of US$74 613 (2006: US$334 589) should certain parties cease operations. The total value was initially US$1 million; the amount which could become payable on default falls away progressively over the period to December 2009. No liability has been recorded in respect of this guarantee as there is no reason to believe that the primary parties to the obligation will both fail to continue operations and will be unable to settle the liability that would then crystallise.

Useful lives and residual values of property, plant and equipment
The Group assesses useful lives and residual values of property, plant and equipment each year taking to account past experience and technology changes. The useful lives are set out in note 3 and no changes to those useful lives have been considered necessary during the year. In the case of buildings, plant and equipment residual value at the end of useful life has been assessed as negligible due to the specialist nature of the plant, technology changes and likely de-commissioning costs. Heavy motor vehicles are considered to have a residual value, at end of useful life, of approximately 20% of their inflation adjusted original cost.

Translation of assets and liabilities denominated in foreign currency
Assets and liabilities denominated in foreign currency which are on hand at the balance sheet date have been valued for the purpose of the financial statements at a market related rate as the Directors are of the opinion that the official exchange rate does not fairly reflect the true value of such assets and liabilities for accounting disclosure purposes as is required by International Financial Reporting Standards. Accordingly assets and liabilities excluding foreign debtors have been translated at a rate of US$1 = $22 800 and debtors have been translated at US$1 = Z$15 470 which takes to account the requirement to surrender a portion of proceeds at the official exchange rate.

Notes to the Financial Statements

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 : 1 024 343 874 (2006 – 1 005 815 374). Fully diluted earnings per share is not disclosed as the extent of dilution is not considered material at 3,36% and 3,07% for 2007 and 2006 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 shareholders. The same divisor is used as in the attributable earnings basis and the cash equivalent earnings is derived as follows:-

	2007 $m's	2006 $m's
Earnings attributable to shareholders	165 665	2 383
Adjusted for		
Non-cash items	(38 196)	(312)
Equity accounted retained earnings	(3 147)	(80)
Deferred tax	14 628	128
Add: minority share of adjustments	3 355	46
Cash equivalent earnings	142 305	2 165

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 and Plastics operations primarily provide inputs to the core business and being relatively small are not considered to be separate reporting segments. The Group does not report by geographical segment as such a split within Zimbabwe would not be meaningful. In view of this the Group does not report on separate business segments.

7. REVENUE

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	2007 $m's	2006 $m's
Sales proceeds	949 036	680 697	294 843	12 538
Excise and levies	107 076	80 889	34 922	1 378
Value added tax	127 721	97 588	43 407	1 695
Other	21 394	12 312	13 460	385
	1 205 227	871 486	386 632	15 996
Less: intra-group sales	(22 076)	(78 284)	(11 476)	(2 513)
	1 183 151	793 202	375 156	13 483
Export sales included above	62 238	25 519	28 446	459

Notes to the Financial Statements

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	2007 $m's	2006 $m's
8. OPERATING INCOME				
Operating income is arrived at after charging/(crediting):-				
8.1 NET OPERATING COSTS				
Sundry operating income	**(21 442)**	(10 419)	**(1 916)**	(379)
Changes in inventories of finished goods and work in progress	**(169 216)**	(11 621)	**(106 167)**	207
Raw materials and consumables used	**527 050**	276 669	**157 788**	3 257
Depreciation expense (note 8.2)	**28 340**	29 560	**321**	41
Staff costs	**131 914**	104 208	**50 925**	1 857
Excise, levies and value added tax	**234 798**	178 477	**78 329**	3 073
Loss/(Profit) on disposal of subsidiary	**1 260**	–	**(507)**	–
Share option expenses	**15 176**	5 841	**2 527**	49
Other operating expenses	**213 185**	128 372	**48 820**	2 205
	961 065	701 087	**230 120**	10 310
8.2 DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT				
Buildings	**2 179**	4 527	**5**	1
Plant, equipment and vehicles	**26 161**	25 033	**316**	40
	28 340	29 560	**321**	41
8.3 AUDITORS' REMUNERATION				
Current year audit fees and expenses	**9 490**	1 792	**2 997**	30
Prior year under/(over) under provision	**95**	(20)	**31**	–
	9 585	1 772	**3 028**	30
Included in current year Group audit fees are fees for the company of $37 million (2006 – $1,2 million).				
8.4 NET LEASING EXPENSE				
Lease payments:				
– Minimum lease payments	**8 735**	4 983	**2 532**	85

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	2007 $m's	2006 $m's
9. NET FINANCING INCOME				
Interest income:				
– Long-term loans		(66)		(1)
– Short-term loans and investments	(25 739)	(40 346)	(12 511)	(567)
Interest expenditure:				
– Long and medium-term borrowings		22		1
– Short-term borrowings	5 415	54	2 632	2
Exchange gains	(49 100)	29 137	(23 867)	561
Exchange losses	36 977	(5 975)	17 974	(102)
	(32 447)	(17 174)	(15 772)	(106)
Capitalised				(10)
	(32 447)	(17 174)	(15 772)	(116)
10. TAXATION				
10.1 TAXATION CHARGE				
Income tax:				
Holding company and subsidiaries				
Current – standard	63 911	18 724	63 911	814
– AIDS levy	1 920	391	1 920	17
Prior years		23		1
Deferred taxation	29 892	(21 978)	14 628	128
	95 803	(2 840)	80 539	960
10.2 RECONCILIATION OF RATE OF TAXATION – %				
Standard rate			30,9	30,9
Adjusted for:				
Effect of expenses not deductible for tax			0,8	5,8
Effect of income not taxable			(1,5)	(10,3)
Effect of associate income			(0,4)	(0,7)
Effective rate			29,8	25,7

Notes to the Financial Statements

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	2007 $m's	2006 $m's
10.3 DEFERRED TAX LIABILITIES				
Balance at beginning of year	128 732	96 405	409	40
Monetary loss on tax base	31 621	39 220		
Charge to income statement	29 892	(21 978)	14 628	128
Deferred capital gains tax		15 085		241
Balance at end of year	190 245	128 732	15 037	409
Analysis of balance at end of year				
Property plant and equipment	105 027	91 248	3 502	80
Biological assets	12 244		12 244	9
Inventories	61 114	12 793	5 800	103
Unrealised exchange losses	(7 424)	1	(7 424)	(39)
Prepayments	4 199	9 605	674	15
Deferred capital gains tax	15 085	15 085	241	241
	190 245	128 732	15 037	409

11. DIVIDENDS

	HISTORICAL PER SHARE					
	2007 $	2006 $	2007 $m's	2006 $m's	2007 $m's	2006 $m's
Interim	1,40	0,18	9 772	13 857	1 433	182
Final – proposed	12,60	0,32	13 011	7 470	13 011	325
	14,00	0,50	22 783	21 327	14 444	507

12. CASH FLOW INFORMATION

12.1 CASH GENERATED FROM TRADING				
Operating income	443 994	103 446	251 026	3 538
Monetary loss	(186 044)	(105 063)		
Depreciation	28 340	29 560	321	41
Loss/(profit) on disposal of property, plant and equipment	4 564	1 102	(1 856)	(41)
Other non cash items	19 736	38 473	(36 001)	(312)
	310 590	67 518	213 490	3 226

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	2007 $m's	2006 $m's
12.2 UTILISED TO (INCREASE)/ DECREASE WORKING CAPITAL				
(Increase)/decrease in inventories	(253 453)	7 900	(197 663)	(2 349)
Increase in debtors and short-term loans	(54 195)	(2 202)	(99 739)	(1 835)
Increase/(decrease) in creditors	50 074	(28 473)	104 019	2 018
	(257 574)	(22 775)	(193 383)	(2 166)
12.3 TAXATION PAID				
Liability at beginning of year	(20 042)	(47 084)	(871)	(202)
Taxation provided (see note 10)	(65 831)	(19 138)	(65 831)	(832)
Transfer on acquisition		(526)		(8)
Liability at end of year	60 882	20 042	60 882	871
	(24 991)	(46 706)	(5 820)	(171)
12.4 DIVIDENDS PAID				
By the Company:				
Proposed dividend at beginning of year	(7 470)	(27 966)	(325)	(120)
Shares issued in lieu of dividends	3 148		311	
Current year dividends (note 11)	(22 783)	(21 327)	(14 444)	(507)
Proposed dividend at end of year	13 011	7 470	13 011	325
	(14 094)	(41 823)	(1 447)	(302)
By Subsidiaries:				
Minority's share of dividends at beginning of year	(485)	(1 733)	(21)	(7)
Minority's share of dividends declared	(1 142)	(995)	(884)	(28)
Minority's share of dividends at end of year	839	485	839	21
	(788)	(2 243)	(66)	(14)
Total dividends paid	(14 882)	(44 066)	(1 513)	(316)
12.5 INCREASE IN SHAREHOLDER FUNDING				
Proceeds of shares issued:				
By the Company	65	80	21	3
By subsidiaries to minority shareholders	3 919		730	
	3 984	80	751	3

Notes to the Financial Statements

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	2007 $m's	2006 $m's
12.6 CASH AND CASH EQUIVALENTS				
Made up as follows:				
Bank balances and cash	26 049	7 035	26 049	305
Short-term borrowings	(30 611)	(3 461)	(30 611)	(150)
	(4 562)	3 574	(4 562)	155
13. PROPERTY, PLANT AND EQUIPMENT				
FREEHOLD PROPERTIES				
Cost	283 681	280 659	991	1 262
Capital work in progress	5 841	6 956	193	122
	289 522	287 615	1 184	1 384
Depreciation	(88 503)	(86 551)	(3)	(1)
	201 019	201 064	1 181	1 383
LEASEHOLD PROPERTIES				
Cost	3 795	3 766	10	2
Depreciation	(2 040)	(1 971)	(3)	–
	1 755	1 795	7	2
PLANT AND EQUIPMENT				
Cost	409 597	392 096	10 712	225
Capital work in progress	20 929	9 714	10 668	187
	430 526	401 810	21 380	412
Depreciation	(271 637)	(255 620)	(191)	(30)
	158 889	146 190	21 189	382
VEHICLES				
Cost	78 535	73 570	2 988	262
Capital work in progress	2 800	1 288	1 929	4
	81 335	74 858	4 917	266
Depreciation	(37 184)	(34 425)	(162)	(26)
	44 151	40 433	4 755	240
Total property, plant and equipment	405 814	389 482	27 132	2 007

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	2007 $m's	2006 $m's
13. PROPERTY, PLANT AND EQUIPMENT (Continued)				
Movement in net book amount for the year:				
At beginning of the year	389 482	307 917	2 007	135
Capital expenditure	54 000	34 756	25 501	656
Net assets on acquisition		78 786		1 259
Disposals	(9 328)	(2 417)	(55)	(2)
Depreciation charged to operating income	(28 340)	(29 560)	(321)	(41)
At end of the year	405 814	389 482	27 132	2 007
Capital expenditure comprised:				
Freehold properties	2 052	7 882	1 005	149
Leasehold properties	28	16	8	1
Plant and equipment	39 266	14 117	4 668	294
Vehicles	12 654	12 741	19 820	213
	54 000	34 756	25 501	657
Disposals comprised:				
Freehold properties				
Leasehold properties				
Plant and equipment	6 231	2 417	40	2
Vehicles	1 060		8	
	7 291	2417	48	2
Original cost and indexed cost of fully depreciated assets still in use:				
Freehold and leasehold properties	140			
Plant and equipment	13 368	101		1
Vehicles	740	127 415		2
	14 248	127 516		3
Net book amount of assets temporarily idle:				
Plant and equipment		328		

Notes to the Financial Statements

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	2007 $m's	2006 $m's
14. BIOLOGICAL ASSETS – PLANTATIONS				
Carrying amount at beginning of year	10 242		445	
On acquisition		1 851		80
Additions at cost	211	35	131	2
Fair value adjustment	29 383	8 356	39 260	363
Carrying amount at end of year	39 836	10 242	39 836	445
15. INVESTMENTS IN ASSOCIATES				
Shares at cost	4 273	4 273	5	5
Post acquisition distributable reserves	6 686	3 403	3 189	96
	10 959	7 676	3 194	101
16. INVESTMENTS AND OTHER LONG TERM ASSETS				
16.1 INVESTMENTS				
Quoted shares	48		48	
16.2 LOANS				
Secured	9 798	4 918	9 798	213
Unsecured		15		1
	9 798	4 933	9 798	214
16.3 TRADEMARKS				
At cost	2 986	2 986		
Total	12 832	7 919	9 846	214

16.4 Included in the Group's secured loans of $9 798 million are loans of $2 544 million (2006 – $58,9 million) to Directors and Officers of the Group. These are made in terms of a Group Housing Loan Scheme. During the year $2 780 million was advanced.

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	2007 $m's	2006 $m's
17. INVENTORIES				
Consumable stores	94 595	29 563	34 621	782
Containers	135 242	40 780	93 034	449
Finished products	30 378	10 017	17 095	325
Raw materials	114 087	52 692	49 408	1 198
Products in process	16 784	5 558	4 717	129
Livestock	1 508	552	1 508	24
	392 594	139 162	200 383	2 907
18. TRADE AND OTHER RECEIVABLES				
Trade receivables	72 216	21 504	72 216	935
Prepaid expenses and other receivables	42 683	39 227	29 621	1 180
	114 899	60 731	101 837	2 115

	2007 Number of shares	2006 Number of shares
	m's	m's
19. ISSUED CAPITAL		
19.1 AUTHORISED SHARE CAPITAL		
Authorised share capital comprises 1 400 000 000 ordinary shares of 0,005 cents each. The authorised share capital has not changed during the year.		
19.2 ORDINARY SHARES ISSUED AND FULLY PAID		
At beginning and end of year	1 014	999
Scrip Dividend	8	
Exercise of share options	11	3
Issued for purchase of subsidiary		12
At end of year	1 033	1 014
Included in the value of issued share capital is $52 000 (2006 $51 000) in respect of original cost of the shares issued.		

Notes to the Financial Statements

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	2007 $m's	2006 $m's
19.2 ORDINARY SHARES ISSUED AND FULLY PAID (Continued)				
Issued share capital	**72 774**	72 773		
Share Premium				
At beginning of year	**170 047**	144 003	**466**	48
Arising on exercise of share options	**3 216**	80	**332**	3
Arising on purchase of subsidiary		25 964		415
At end of year	**173 263**	170 047	**798**	466
Issued capital at end of year	**246 037**	242 820	**798**	466

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 $18 000 (2006 – $19 000) 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 during the year are as follows:

	Subscription Prices (Dollars)	Numbers of Shares	
		2007	2006
1 March 2002	0,05	–	650 000
14 February 2003	0,18	–	2 600 000
15 January 2004	0,15	**3 792 000**	10 212 000
13 May 2004	0,25	**12 138 800**	12 946 200
13 May 2005	5,10	**2 250 000**	2 725 000
12 August 2005	8,10	**7 050 000**	7 400 000
13 May 2006	50,00	**11 000 000**	–
4 August 2006	210,00	**500 000**	–
11 November 2006	430,00	**5 975 000**	–
		42 705 800	36 533 200
Number outstanding at beginning of year		**36 533 200**	28 746 600
New options granted during year		**17 875 000**	10 525 000
Exercised during year		**(10 357 500)**	(2 538 400)
Forfeited during year		**(1 344 900)**	(200 000)
Outstanding at end of year		**42 705 800**	36 533 200

The weighted average price of exercise and the weighted average stock exchange price on the date of share options were $2,01 and $766,36 respectively. Shares forfeited had an average exercise price of $32,84.

19.5 DIRECTORS' SHAREHOLDINGS

At 31 March 2007, the Directors held directly and indirectly the following number of shares in the Company :

	2007	2006
S J Hammond		8 817
M E Kahari	10 000	10 000
A S Kamba	2 296	2 278
R H M Maunsell	1 230 236	873 250
E S Mazhindu	1 912	1 897
M S Mushiri	2 018 819	1 648 592
J S Mutizwa	1 115 000	1 000 000
R M Mupawose	43 924	43 924
	4 422 187	3 588 758

No changes in Directors' shareholdings occurred between the financial year end and 11 May 2007.

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	2007 $m's	2006 $m's
20. SHARE OPTIONS RESERVE				
At beginning of year	5 841		49	
Recognition of options granted	15 176	5 841	2 527	49
At end of year	21 017	5 841	2 576	49
21. NON-DISTRIBUTABLE RESERVES				
The amount was not material and has been absorbed into retained earnings.				
22. RETAINED EARNINGS				
At beginning of year	101 146	116 408	2 358	416
Effect of change in accounting policy:				
– effect of change in accounting for deferred tax.	(1 967)	(4 643)	(86)	(20)
As restated	99 179	111 765	2 272	396
Attributable earnings for the year	182 607	8 741	165 665	2 383
Dividend declared – current year interim	(9 772)	(13 857)	(1 433)	(182)
Dividend proposed – current year final	(13 011)	(7 470)	(13 011)	(325)
At end of year	259 003	99 179	153 493	2 272
Retained in:				
Holding company	(240 966)	(227 997)		
Subsidiaries and arising in consolidation	493 283	323 773	150 304	2 176
Associated companies	6 686	3 403	3 189	96
	259 003	99 179	153 493	2 272

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	**2007 $m's**	2006 $m's
23. MINORITY INTEREST				
At beginning of year	**58 170**	14 505	**1 094**	39
Share of attributable earnings for the year	**15 270**	3 515	**23 741**	391
Arising on investment in subsidiary	**3 998**	42 390	**746**	678
Minority share of disposal of subsidiary	**(642)**		**174**	
Dividend paid by subsidiaries	**(798)**	(2 240)	**(65)**	(14)
At end of year	**75 998**	58 170	**25 690**	1 094
24. BORROWINGS				
Long-term borrowings				
Unsecured				
Long-term loans:				
Rate of interest 20%		462		20
Rate of Interest % nil				
		462		20
Short-term borrowings				
Short-term loans	**30 611**	3 461	**30 611**	150
Total interest bearing debt	**30 611**	3 923	**30 611**	170

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 $169 878 million.

Short-term borrowings include foreign loans amounting to $27 064 million (2006 – $137 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.

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	2007 $m's	2006 $m's
24. BORROWINGS (Continued)				
The foreign loans, which are in respect of working capital requirements, are as follows:				
UNSECURED				
United States Dollars (USD)				
Interest rate % 4,46% to 4,80%				
Amount: US$1 187 000	**27 064**	3 172	**27 064**	138
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.				
25. TRADE AND OTHER PAYABLES				
Trade payables	**40 829**	21 177	**40 829**	921
Accruals and other payables	**65 184**	35 224	**65 184**	1 531
Dividends payable	**449**	42	**449**	2
	106 462	56 443	**106 462**	2 454

Amounts are payable within twelve months.

Notes to the Financial Statements

26. 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.

26.1 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 2007						
SABMiller Companies	(21 603)	109 816	18 474		15 062	(5 481)
Associates	(10 814)	95			2 744	(764)
Delta Pension Fund				66		
	(32 417)	109 911	18 474	66	17 806	(6 245)
Inflation adjusted 2006						
SABMiller Companies	(5 749)	3 087	12 563		232	(5 458)
Associates	(164)	4 408	(32)		873	(179)
Delta Pension Fund				228		
	(5 913)	7 495	12 531	228	1 105	(5 637)
Historical 2007						
SABMiller Companies	(6 849)	34 818	5 858		15 062	(5 481)
Associates	(3 429)	30			2 744	(764)
Delta Pension Fund				22		
	(10 278)	34 848	5 858	22	17 806	(6 245)
Historical 2006						
SABMiller Companies	(98)	52	214		10	(237)
Associates	(3)	75	(1)		38	(8)
Delta Pension Fund				4		
	(101)	127	213	4	48	(245)

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.

26.2 COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	2007 $m's	2006 $m's
26. RELATED PARTY TRANSACTIONS (Continued)				
Short-term benefits	2 949	2 675	935	46
Post-employment benefits	495	222	157	4
Share based payments	4 880	4 783	1 550	40
	8 324	7 680	2 642	90
Included in the above amounts are the following in respect of directors' emoluments of the Company:				
Paid by subsidiaries:				
For services as directors	35	23	11	1
For managerial services	4 371	3 786	1 386	44
	4 406	3 809	1 397	45

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

27. SHARE-BASED PAYMENTS

In terms of the company share option scheme, options were granted on 12 May, 13 August and 11 November 2006. The estimated fair value of the options granted on those dates was $435 million, $81 million and $2 012 million respectively. The Group recognised total expenses of $2 527 million in respect of share options granted and the liability is disclosed in a share option 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.

	13 May 2006	12 August 2006	11 November 2006
Weighted average fair value of options granted:	$38	$156	$323
Share price	$50	$210	$430
Exercise price	$50	$210	$437
Expected volatility	0,97	0,97	0,97
Expected option life	3,30 years	3,30 years	3,30 years
Expected dividends	3,50%	3,50%	3,50%
Long-term risk free interest rate	75%	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.

Notes to the Financial Statements

	HISTORICAL 2007 $m's	2006 $m's
28. NET FUTURE OPERATING LEASE COMMITMENTS		
Lease payments:		
– Payable within one year	131 701	643
– Payable two to five years	533 302	2 446
– Payable thereafter	539 236	2 955
	1 204 239	6 044

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.

29. COMMITMENTS FOR CAPITAL EXPENDITURE

	2007 $m's	2006 $m's
Contracts and orders placed	12 878	103
Authorised by directors but not contracted	1 231 344	8 384
	1 244 222	8 487

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

30. PENSION FUNDS

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

30.1 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.

30.2 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.

30.3 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 $130 000 per month (2006 – $150) for each employee.

	INFLATION ADJUSTED		HISTORICAL	
	2007 $m's	2006 $m's	2007 $m's	2006 $m's
30.4 PENSION COSTS RECOGNISED AS AN EXPENSE FOR THE YEAR				
Defined contribution funds	6 390	1 746	2 026	30
National Social Security Authority Scheme	498	292	158	5
	6 888	2 038	2 184	35

31. FINANCIAL RISK MANAGEMENT

31.1 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.

31.2 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.

31.3 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.

31.4 LIQUIDITY RISK MANAGEMENT

The Group has no liquidity risk as shown by its unutilised banking facilities of $6 billion (2006 – $320 million) and the demand for its corporate paper.

31.5 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.

31.6 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 2007 $m's	2006 $m's	HISTORICAL 2007 $m's	2006 $m's
ASSETS					
NON-CURRENT ASSETS					
Investments in Associated Companies		**4 225**	4 037	**5**	5
Interest in Subsidiaries	A	**1 241**	12 110	**1 242**	519
		5 466	16 147	**1 247**	524
CURRENT ASSETS					
Dividends receivable		**13 065**	6 188	**13 011**	269
TOTAL ASSETS		**18 531**	22 335	**14 258**	793
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Issued capital	19	**246 037**	242 820	**798**	466
Distributable Retained Earnings	22	**(240 966)**	(227 997)		
Reserves Proposed dividend	11	**13 011**	7 470	**13 011**	325
		18 082	22 293	**13 809**	791
CURRENT LIABILITIES					
Accruals and dividends payable		**449**	42	**449**	2
TOTAL EQUITY AND LIABILITIES		**18 531**	22 335	**14 258**	793

A	**INTEREST IN SUBSIDIARIES**				
	Shares at cost less provisions				
	Indebtedness to the Company	1 241	12 110	1 241	518
		1 241	12 110	1 241	518

Details of all subsidiaries are provided in the Group 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, develops sporting capacity and provides assistance to medical institutions;
- Provide education and training to employees in preventative health care, first aid and safety procedures;
- Develop and implement standards to achieve the highest industry safety standards;
- Provide on-site or adjacent primary health clinic facilities where possible for employees;
- Support research initiatives into dreaded diseases in Africa;
- Promote environmental awareness, responsibility, and training among all employees and the public at large;
- Continuously monitor and audit the environmental status of all its operations;
- Use raw materials and resources prudently;
- Promote the recycling and reprocessing of waste materials; and
- Ensure management accountability for the fulfilment of this obligation.

Delta Corporation Limited is a member of:

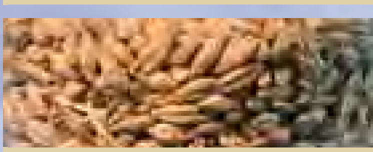
Business Council for Sustainable Development in Zimbabwe
World Business Council for Sustainable Development,
International Chamber of Commerce and
International Network for Environmental Management.

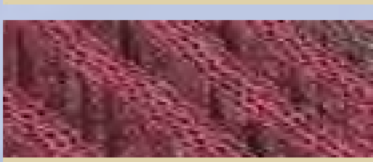
J S Mutizwa
Chief Executive Officer
11 May 2007

GROUP STRUCTURE

Delta Corporation Limited

- 100% — Delta Beverages (Pvt) Limited
  - 100% — Beverages Manufacturing & Distribution
  - 100% — Kwekwe Maltings
  - 51% — Megapak Zimbabwe (Pvt) Ltd
  - 90% — Headend Enterprises (Pvt) Ltd
  - 49% — Food & Industrial Processors (Pvt) Ltd
  - 42% — Ariston Holdings Limited
- 30% — African Distillers Limited





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

Sparkling Soft Drinks Business

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

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

From Left to Right: (Back) Dr E S Mazhindu • C F Dube • A C Parker; **(Middle)** S J Hammond • Dr M S Mushiri • T N Sibanda; **(Front)** J S Mutizwa • R H M Maunsell • Dr R M Mupawose • M E Kahari • Mrs A S. Kamba; • G J van den Houten (Missing).

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

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; MBA
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

SENIOR MANAGEMENT

J S Mutizwa	B.Sc.Soc.Sc.(Hons); MBA *	Chief Executive Officer
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 Supplies
M R Makomva	B.Acc(Hons); CA(Z); MBL	Managing Director – Megapak (Pvt) Limited
E R Mpisaunga	B.Sc (Hons) Animal Science	Operations Director – Beverages
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 Sixtieth Annual General Meeting of Members of Delta Corporation Limited will be held at the Registered Office of the Company at Northridge Close, Borrowdale on Friday 27 July 2007 at 12 00 hours for the following purposes.

ORDINARY BUSINESS

1. To receive and adopt the Financial Statements for the year ended 31 March 2007, together with the Report of Directors and Auditors thereon.

2. To appoint Directors
   Mr P Gowero resigned from the Board on 1 September 2006 whilst Mrs A S Kamba and Dr E S Mazhindu retired from the Board at the end of May 2007.

   Dr H C Sadza and Mr K Mandevhani were appointed to the Board on 1 June 2007.

   Messrs C F Dube, A C Parker and T N Sibanda are due to retire by rotation, while Dr H C Sadza and Mr K Mandevhani retire at the end of their interim appointments. 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 the Chairman and Non-Executive Directors.

2. SHARE BUY BACK

Shareholders will be asked to consider and if deemed fit, to resolve with or without amendments, THAT the Company authorises in advance, in terms of Section 79 of the Companies Act (Chapter 24:03) the purchase by the Company of its own shares upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine and such authority hereby specifies that:

a. the authority shall expire on the date of the Company's next Annual General Meeting;

b. acquisitions shall be of ordinary shares which, in aggregate in any one financial year, shall not exceed 10% (ten percent) of the Company's issued ordinary share capital.

c. the maximum and minimum prices, respectively which such ordinary shares may be acquired will be 50% (fifty percent) above and 25% (twenty five percent) below the weighted average of the market price at which such ordinary shares are traded on the Zimbabwe Stock Exchange, as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the Company;

d. a press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis in the period between Annual General Meeting, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition.

It will be recorded that, in terms of the Listing Requirements of the Zimbabwe Stock Exchange, the Directors of the Company are in excess of its requirements and the transaction is considered to enhance headline earnings per share. In considering cash resource availability the Directors willtake account of, inter alia, the long term cash need of the Company, and will ensure the Company will remain solvent after re-purchase.

3. SHARE OPTION SCHEME - 2008

To Resolve:

That the "Delta Corporation Limited Share Option Scheme – 2008" be and is hereby authorised implemented and that the Directors can allocate up to 75 000 000 (seventy five million) ordinary shares to this Scheme. The rules of the Scheme will be available for inspection at the registered office of the Company fourteen (14) days before the meeting.

By the order of the board:

A Makamure
Company Secretary

Sable House, Northridge Close
Borrowdale, Harare
Zimbabwe

29 June 2007

SHAREHOLDERS ANALYSIS AND CALENDAR

Size of Shareholding	Number of Shareholders	%	Issued Shares	%
1 to 5 000	2606	65,0	3 198 014	0,3
5 001 to 10 000	341	8,5	2 448 588	0,2
10 001 to 25 000	363	9,1	5 752 626	0,6
25 001 to 50 000	206	5,1	7 400 850	0,7
50 001 to 100 000	164	4,1	11 771 914	1,1
100 001 to 200 000	216	5,4	45 485 934	4,4
200 001 to 500 000	46	1,2	32 917 414	3,2
Over 500 000	65	1,6	923 654 194	89,5
	4 007	100,0	1 032 629 534	100,0

Category				
Local Companies	482	12,0	32 173 554	3,1
Foreign Companies	5	0,1	374 991 147	36,3
Pension Funds	220	5,5	204 911 889	19,8
Nominees, local	141	3,5	130 061 859	12,6
Nominees, foreign	5	0,1	285 397	0,0
Insurance Companies	30	0,8	152 366 308	14,8
Resident Individuals	2 368	59,1	22 476 851	2,2
Non Resident Individuals	229	5,7	7 895 708	0,8
Investments & Trusts	354	8,8	90 730 281	8,8
Fund Managers	59	1,5	11 165 728	1,1
Deceased Estates	11	0,3	60 306	0,0
Other Organisations	103	2,6	5 510 506	0,5
	4 007	**100,0**	**1 032 629 534**	**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 2 777 employees who participate in the scheme.

TOP TEN SHAREHOLDERS

Shareholder	2007	%	2006	%
Rainier Inc.	192 957 817	18,7	189 023 467	18,6
SABMiller Zimbabwe BV	157 338 312	15,2	154 130 233	15,2
Old Mutual Life Assurance Co.	145 816 460	14,1	144 474 642	14,2
Old Mutual Zimbabwe Ltd	144 989 542	14,0	142 895 665	14,1
Post Office Savings Bank	53 533 976	5,2	53 109 103	5,2
Fed Nominees P/L	38 618 644	3,7	34 256 597	3,4
Browning Investments NV	22 158 199	2,1	21 706 401	2,1
Barclays Bank Nominees (Pvt) NNR	19 440 217	1,9	19 140 994	1,9
Datvest Nominees	9 171 508	1,2	11 696 897	1,2
Delta Employees Share Participation Trust Co	8 861 240	0.9	8 861 240	0,9
Other	239 743 619	23,2	235 202 389	23,2
	1 032 629 534	**100,0**	**1 014 497 610**	**100,0**

MAJOR SHAREHOLDERS	2007	%	2006	%
Old Mutual	290 806 002	28,2	287 370 307	28,3
SABMiller	372 454 328	36,1	364 860 101	36,0
	663 260 330	64,2	650 247 903	65,1
RESIDENT AND NON-RESIDENT				
SHAREHOLDERS				
Resident	654 074 954	63,3	640 625 465	63,1
Non-Resident	378 554 580	36,7	378 554 580	36,9
	1 032 629 534	100,0	1 014 497 610	100,00

SHARE PRICE INFORMATION

Mid Range Price at:

30 June 2006	$ 80
30 September 2006	$ 460
31 December 2006	$ 600
31 March 2007	$5 900

Price Range:

Highest: 21 March 2007	$10 000
Lowest: 06 April 2006	$ 30

CALENDAR

Sixtieth Annual General Meeting	27 July 2007
Financial Year End	31 March 2008
Interim Reports:	Anticipated Dates:
6 months to 30 September 2007	November 2007
12 months to 31 March 2008 and final dividend declaration	May 2008
Dividend Payment Date – final	July 2008
Annual Report Published	July 2008

Registered Office:
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Northridge Park
(P O Box BW294)
Borrowdale
Harare
Zimbabwe
Telephone: 263 4 883865
E-mail: a.makamure@delta.co.zw

Transfer Secretaries:
Corpserve (Private) Limited
2nd Floor
Intermarket Centre
Cnr. Kwame Nkrumah / 1st Street
(P O Box 2208)
Harare
Zimbabwe
Telephone: 263 4 751559/61
E-mail: collen@corpserve.co.zw