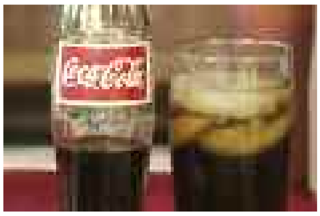
Delta Corporation Limited | Annual Report 2008

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."

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	
	2008	2007
GROUP SUMMARY ($ Billions)		
Turnover	675 436	375
Cash value added	394 062	165
EBITDA	932 068	255
Income after taxation	620 638	189
Attributable and headline earnings	534 648	166
Funds on hand	88 602	(5)
Total assets	1 373 434	409
Market capitalisation	20 980 000 000	6 093
SHARE PERFORMANCE (dollars)		
Earnings per share		
– attributable and headline earnings basis	511 523	162
– cash equivalent earnings basis	451 970	132
Cash flow per share	102 683	25
Dividends per share	25 250	14
Net asset value per share	512 211	165
Market price per share	20 000 000	5 900
FINANCIAL STATISTICS		
Return on equity (%)	99,55	84,71
Operating margin (operating income to net sales) %	88,74	79,03

Chairman's Statement

Over the year there have been periodic production stoppages caused by a serious deterioration in the national supply of coal, water and electricity.

Dr Robbie M Mupawose
CHAIRMAN

INTRODUCTION

The economy has been locked in a downward spiral for the whole of the financial year. Inflation has risen sharply and foreign currency shortages have remained severe. Over the year there have been periodic production stoppages caused by a serious deterioration in the national supply of coal, water and electricity. In addition, the acute shortage of foreign currency for critical spares has had a negative impact on plant reliability. These stoppages have generally been of relatively short duration, but the disruption caused to beverage production can take several weeks to work its way out of the market.

Early in the financial year a price freeze resulted in low relative prices for beverage products and a general absence of consumer products from the market. As a result, demand rose dramatically and the increased production at the time was unable to keep pace. Stock was stripped from the shops as it arrived and an active secondary market for beverages emerged at prices well above those approved by the pricing commission. During that time the market was seriously undersupplied. In the second half of the year, price controls eased with the commission responsible for authorising prices

In comparison to last year, **gross margins and operating margins,** after stripping out the impact of revaluations, have both risen.

taking an increasingly pragmatic approach. Demand remained generally firm and, whilst product shortages persisted, these were not as severe as those of the early part of the year. By year end the thriving informal market in beverage products had largely fallen away. Beverage volumes for the year are 15% below those of the previous year.

The 2007 winter barley crop was far from satisfactory, having suffered considerable losses due to the unreliable supply of electricity for irrigation at the critical ripening stage. The total crop was a little over half of the ideal tonnage, and whilst this is more than sufficient for the needs of lager production within the country, it will mean that exports of barley malt will be considerably curtailed until the harvesting of the next winter crop in October 2008. The outturn from the 2007/2008 summer crop for other grains is 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, felt the full impact of price controls over products in the edible oils and cordial sectors and the impact of foreign currency shortages, as almost all raw materials are imported. Tonnage throughput was some 36% lower than that of the previous year.

The glass furnace is particularly susceptible to poor power supply with even a short loss in power resulting in several hours of lost production. In addition to this lost time, there have been two unscheduled furnace shutdowns to repair damage caused by uneven power. As a result, production for the year has dropped by 48% in spite of demand for bottles both in Zimbabwe and in the region being very strong.

FINANCIAL RESULTS

As inflation rises it becomes increasingly difficult to interpret financial statements. Inflation adjusted accounting provides a partial solution, but the quality of inflation data and the use of averages becomes an issue when inflation rates have risen, as they have in Zimbabwe, to over 100% a month. The financial section of this annual report contains both inflation adjusted and historical information and comment will be made on both.

As reported in the past, there are certain items which can be considered normal in a hyperinflationary environment, but which tend to distort the historical results; these are the fair value adjustment of the Ariston biological assets and container revaluations. The Group share of these on an after tax basis comes to $49 trillion and $188 trillion respectively. In addition to this the Group experienced a windfall gain in respect of the realisation of an investment amounting to $94 trillion after tax. Attributable income growth for the year comes to 323 000%, but after adjusting for the Group's share of these items, growth comes to 188 400%. This is above average inflation for the year at 68 750% and below year on year inflation of 417 800%.

Value added tax and excise duty paid to the State amounted to $143 trillion, an amount equal to 70% of attributable income once the unusual items are stripped away.

In comparison to last year, gross margins and operating margins, after stripping out the impact of revaluations, have both risen. This is to be expected in a hyperinflationary environment as stock holding gains are realised; if this were not the case stock replacement would be impossible. In the first half of the year overheads were growing faster than gross profit; this worrying

trend has reversed in the second half due to an austerity programme which was implemented towards the end of the first half and more realistic pricing.

The Group shows cash on hand of $88 trillion; this level of cash on hand is largely due to the delays experienced in accessing money in foreign currency accounts.

The inflation adjusted financial statements indicate that operating income has grown by over 187%. After adjusting this figure for container deposit and biological asset revaluations and for the gain on realisation of investment, the growth comes to 138%. It is to be noted that despite a 15% fall in beverage volumes, turnover has increased by 65%. This indicates that the level of inflation relating to the company's raw material costs, which drives selling prices, has been considerably higher than that reflected by the consumer price index. Had the consumer price index reflected inflation closer to the company's cost inflation these results would have shown a much more modest growth over prior year.

INVESTMENT & FUNDING

Capital expenditure during the year was constrained by the difficulty in obtaining the foreign currency needed for many purchases. Expenditure amounted to $8 trillion and total investment in containers amounted to a further $32 trillion.

DIRECTORS

Mr A C Parker resigned from the Board on 29 September 2007 on his retirement from SABMiller after serving on the Board for six years. The appointments of Prof H C Sadza and Mr K Mandevani on 1 June 2007 were confirmed at the last Annual General Meeting.

Messrs M J Bowman and L E M Ngwerume joined the Board on 1 October 2007 and 9 November 2007 respectively. Mr E R Mpisaunga was appointed to the Board on 1 April 2008 as Executive Director – Operations.

SAFETY, HEALTH, ENVIRONMENTAL MANAGEMENT & 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. Reporting against internationally accepted key indicators to divisional boards and to the company board of directors ensures accountability at the highest level. Safety, health and environment training for all safety representatives and for management was introduced in the previous year and is now being maintained on a regular basis.

HIV and Aids has become a key strategic issue for all businesses. In recognition of this we set up the HIV and Aids National Committee to drive the HIV and AIDS agenda within the business. The Company's HIV and Aids Policy was developed by this Committee. In addition to the formation of the HIV and Aids Committee the Company introduced "Project Step Change" whose objectives were to put in place a strategy for the re-launch of the Delta HIV and Aids Policy and the launching of the "know your HIV and Aids Status Campaign." Within this project a communication campaign was developed and it was successfully rolled out to employees.

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 continued its 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 Trust, set up in 2003 in partnership with the Coca Cola Foundation, handed over two classroom blocks to rural communities. The British Embassy assisted by providing the necessary school furniture at one of the schools. 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.

In the area of Arts and Culture, we continued to sponsor the Chibuku Road to Fame Competition, the Chibuku Neshamwari Traditional Dance Festival, the Jikinya Dance Competition, The Harare International Festival of the Arts (HIFA) and The Manica Festival. In sport, we sponsored the annual Danhiko Games for the physically challenged members of our community and various other events through our various brands including Sprite Basketball, Chibuku Tertiary Soccer, Coca Cola Half Marathon, Iron Will and Coca Cola NASH soccer.

As the leading brewer in the country, Delta is committed to promoting responsible consumption of its products and combating abuse. This is done primarily 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.

HUMAN RESOURCES

The business enjoyed stable industrial relations during another year of a tough operating environment for the business and an increasingly difficult day to day existence for employees. With rising inflation, particularly as it relates to fuel and thus transport costs, it has become clear that for many employees last month's pay cannot cover this month's cost of getting to work. In order to ease this burden and to avoid absenteeism, the company now provides bussing arrangements to and from work or direct contributions to transport for those employees not on the bussing routes.

The retention of key skills is of strategic importance to the Group's future performance. Action taken to stem the skills flight which affects all sectors of the economy have been successful during this year.

FUTURE PROSPECTS

The inflation trend is sharply upwards and there is little likelihood of reversal in the near term. Tough decisions are needed to start the country on the difficult trail to economic recovery. This will require major changes to economic policy. This seems unlikely whilst the focus remains on politics rather than economics.

The inbound supply chain is increasingly difficult to manage due to shortages of foreign currency and the failure of utilities and suppliers. The business focus will be on retaining skills, securing inputs and ensuring business survival.

APPRECIATION

This last year has not been an easy one, I would like to thank all employees for their continued efforts and for the good results which the company has been able to present.

Dr Robbie M Mupawose
CHAIRMAN
31 July 2008


CASTLE LAGER
SOFT DRINK
Sprite®
© 1998 THE COCA-COLA COMPANY
INGREDIENTS: CARBONATED
WATER, SUGAR, CITRIC AC
FLAVOURING, SODIUM C
AND PRESERVATIVE: SO
BENZOATE.
HARARE ZIMBABWE
© 2003
SUGAR, CARAMEL
PHOSPHORIC ACID
AND CAFF
CASTLE LAGER
SOFT DR
Coca

PORTFOLIO OF BRANDS

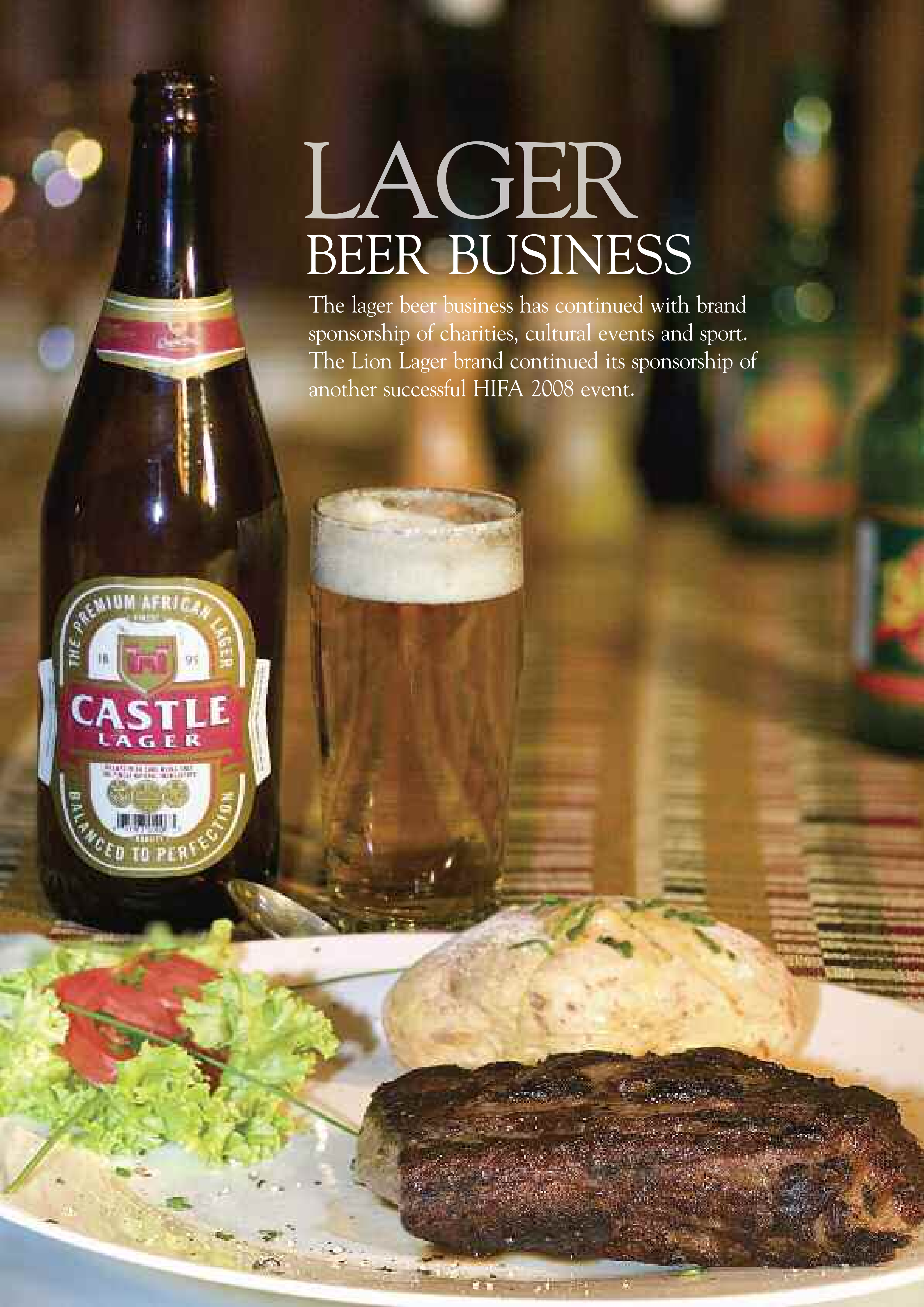
LAGER BEER BUSINESS
Castle Lager, Golden Pilsener, Lion Lager, Carling Black Label, Castle Milk Stout, Zambezi Lager, Zambezi Lite Lager, Bohlinger's Lager, Eagle Lager

SPARKLING BEVERAGES BUSINESS
Coca-Cola, Coca-Cola Light, Fanta, Sparletta, Sprite, Schweppes

TRADITIONAL BEER BUSINESS
Chibuku and Rufaro

LAGER
BEER BUSINESS

The lager beer business has continued with brand sponsorship of charities, cultural events and sport. The Lion Lager brand continued its sponsorship of another successful HIFA 2008 event.



Lager beer volumes were down on prior year as consumer spending power came under severe inflationary pressure.

LAGER BEER

Lager beer volumes were down on prior year as consumer spending power came under severe inflationary pressure. The brand portfolio remains strong with Lion lager dominating share at a 40% contribution. As anticipated Eagle Lager, which was introduced as an economy brand that would recruit and retain hard pressed consumers, has played a pivotal role in the sales mix showing growth of 11% on prior year and contributing in excess of 60% of total lager beer sales.

The two brewing facilities in Bulawayo and Harare fared relatively well with respect to electricity and water supply although contingency measures were necessary to avert the acute water shortage in Bulawayo from September through to December. Working in liaison with The City of Bulawayo and Zimbabwe Water Authority, 15 boreholes were resuscitated in the Nyamandlovu area thus complementing other initiatives designed to keep the brewery fully operational.

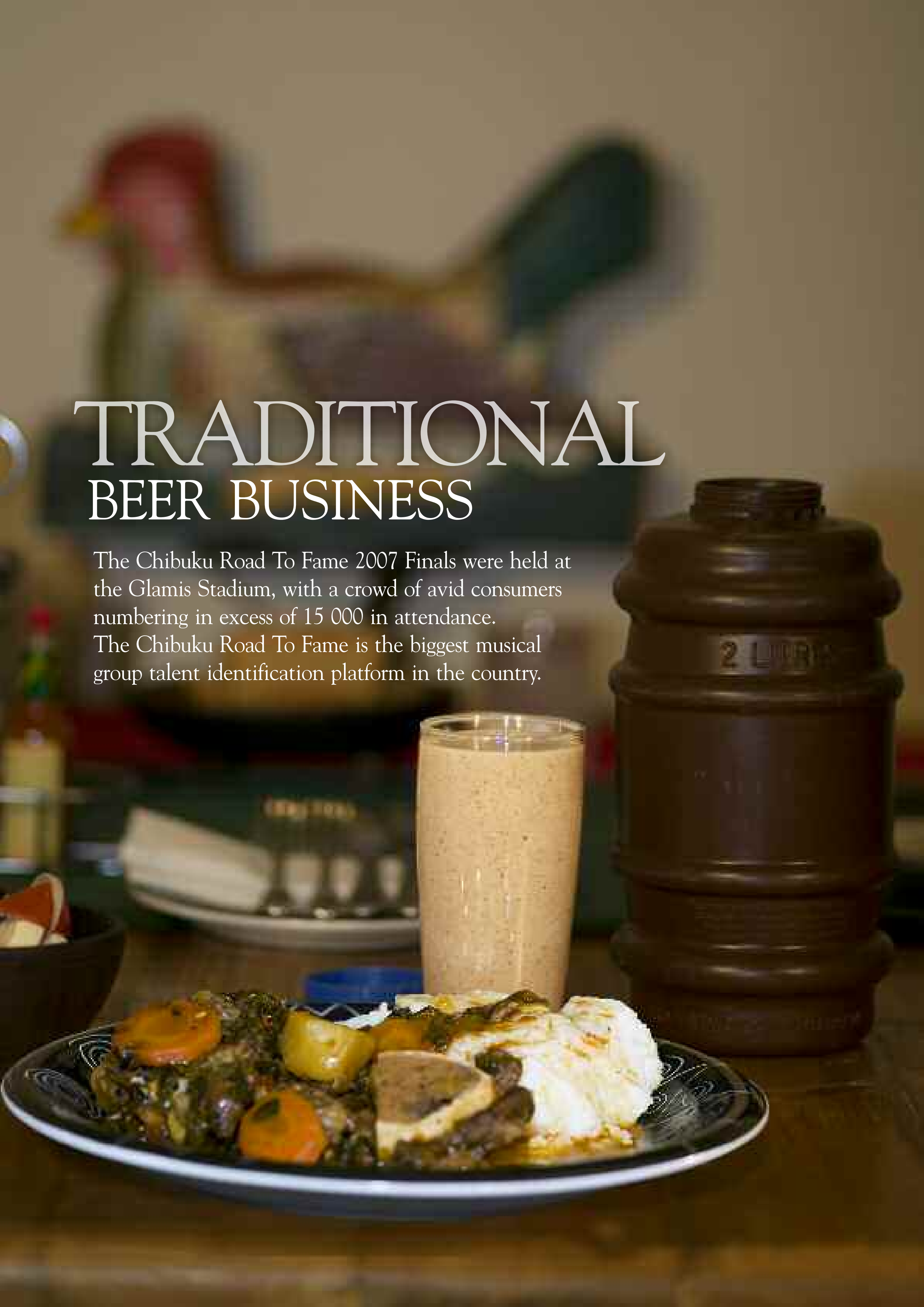
Management continues to invest selectively in plant and equipment with major projects designed to maintain plant reliability undertaken during the course of the year. In keeping with a world wide

trend, the canning line was successfully modified to handle the 330ml can which has replaced the 340ml can.

Price control regulations placed immense pressure on the ability of our sales operations to meet high consumer demand for our brands during the second and third quarters. Notwithstanding the fact that both plants were operating to maximum capacity we were able to meet at most 60% of orders. Thus, for this period, the market was characterized by acute beer shortages and a burgeoning informal market where product was being resold, at up to three times the recommended retail price.

Skills retention programmes and a concerted drive to significantly increase recruitment in the graduate trainee and the apprenticeship training programmes will, to some extent offset the skills drain experienced during the year.

Marketing and promotional activities were curtailed during the bulk of the year on account of the product shortages intimated earlier.



TRADITIONAL
BEER BUSINESS

The Chibuku Road To Fame 2007 Finals were held at the Glamis Stadium, with a crowd of avid consumers numbering in excess of 15 000 in attendance.
The Chibuku Road To Fame is the biggest musical group talent identification platform in the country.

Operating from 14 breweries countrywide Chibuku is very much an integral part of the country's economic and social fabric.

TRADITIONAL BEER BUSINESS

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The year under review was difficult and Chibuku volumes were lower than prior year as severe restrictions on the availability of electricity and water took their toll on production. This was particularly prevalent at breweries in the smaller centres for the greater part of the second and third quarters of the financial year. The purchase of generators for these facilities has allowed management to plan with much greater certainty.

A less than adequate supply of plastic packaging material further hampered operations. This development led to a strong resurgence of draught beer consumption peaking at 35% share of volume in December 2007 up from 0,7% in March 2007. Currently draught beer holds a volume share of 7% with the 'Scud' contributing 97% of volume sold.

The price freeze from June 2007 to mid September led to unprecedented demand for our product which, when coupled with the production constraints, resulted in considerable product shortage in the market.

As pricing levels improved we were able to extend our distribution reach and begin to service our customers more effectively in the latter half of the year.

Not-withstanding these constraints, our operations have fared very well against strong competitors in the Midlands and Bulawayo markets where Chibuku holds the lion's share of volumes sold.

Whilst promotional activity was reduced in line with the drive to control costs in line with reduced pricing flexibility, a very successful Chibuku Road To Fame 2007 edition was held with a crowd of avid consumers numbering in excess of fifteen thousand in attendance.

SPARKLING
Beverages Business

The Belmont Plant in Bulawayo attained Evolution 3 certification which is an international and independent audit commissioned by The Coca-Cola Company to review bottler operations with respect to quality, environment and safety practices.

The Harare Graniteside plant has made significant progress toward achieving similar certification by October 2008.

SPARKLING BEVERAGES BUSINESS

Notwithstanding the supply chain bottlenecks associated with a product that is particularly demanding on foreign currency for, purchase of carbon dioxide and concentrates the volume out-turn for Sparkling Beverages was satisfactory when compared to prior year volumes.

Management changes effected in the operation yielded very strong productivity and quality improvements.

The Belmont Plant in Bulawayo attained Evolution 3 certification which is an international and independent audit commissioned by The Coca-Cola Company to review bottler operations with respect to quality, environment and safety practices. This achievement is particularly noteworthy as this plant was the first to be certified as such in the Coca-Cola Company South Central Africa territory. The Harare Graniteside plant has made significant progress toward achieving similar certification by October 2008.

Management continues to review ways to reduce dependency on imported raw materials and in this regard feasibility studies carried out during the year have placed us in a position to invest in equipment that will result in a substantial reduction in the importation of food grade carbon dioxide.

DISTRIBUTION
& TRANSPORT SERVICES

Tasked with moving product from our production facilities to our customers and ultimately our consumers, the Transport Services division plays a pivotal role in the entire marketing and selling process.

Delta has successfully tested 407 drivers in compliance with requirements of legislation requiring the re-testing of all public service vehicle drivers.

DISTRIBUTION & TRANSPORT SERVICES

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In sympathy with declining volumes and the cost of procuring adequate fuel cover the 8.5 million kilometres travelled this year were some 30% down on prior period. The active heavy motor vehicle fleet used to carry out deliveries was similarly reduced.

A number of initiatives were implemented to utilize the idle capacity thus created. This resulted in a considerable increase in the involvement of the vehicle fleet in raw material logistics and the introduction of servicing of the Delta light motor vehicle fleet. In addition to the improved utilization of assets, considerable cost savings accrued to the group.

Equally encouraging are the efforts to circumvent the severe foreign currency shortage through engine and vehicle rebuilds, with specialised skills being developed in house.

Delta has successfully tested 407 drivers in compliance with requirements of legislation requiring the re-testing of all public service vehicle drivers.

MEGAPAK ZIMBABWE

Volumes for the year were 36% below those of the prior year. Plastic packaging is fully dependent on imported raw materials and is therefore particularly susceptible to the shortage of foreign currency being experienced by the country. In addition to this, the impact of the price controls applied to the edible oil and cordial sectors resulted in considerably reduced demand for packaging from those businesses.

The demand for packaging for the sorghum beer business remained buoyant and production was constrained only by raw material shortages.

The company entered into toll manufacturing arrangements to maximise utilisation of installed capacity; this includes a contract to recycle scrap crates from a company in Zambia.

The demand for packaging for the sorghum beer business remained buoyant and production was constrained only by raw material shortages.

MALTINGS BUSINESS

Malt sales volumes are dependent on the success or failure of the winter irrigated national barley crop. The crop harvested in October and November 2007 was well below expectations due to the widespread failure of electricity supply to pump irrigation water at the critical ripening stage. The result was a crop of a little under 18 000 tonnes, well down from the 29 000 tonnes of the previous year.

This size of crop is more than sufficient for the local requirements of lager beer production, but has resulted in severely curtailed export sales. This will tend to alienate export customers and will reduce the flow of much needed hard currency earnings.

In order to avoid deterioration of malt quality in process as a result of power outages a generator has been installed to give the assurance that each batch in process can be taken to completion without loss of quality or of product.

The two new barley varieties, Odzi and C97011, are progressing through the process towards commercial production. These are varieties bred for robust disease resistance and higher dormancy characteristics. They have successfully undergone malting and brewing trials and Odzi has been in commercial production. C97011 is now in the process of registration and 600 tonnes was produced in the 2007 season. This variety will be on limited commercial release in 2008 with a crop target of 2 000 hectares.

A project is underway to evaluate the malting of sorghum for traditional beer in order to make use of the facilities made idle by the lack of barley. The initial test batches produced have been successful.

ARISTON HOLDINGS

This last year has been dominated by adverse weather conditions. Early in the year the tea was badly damaged by an unusually severe frost just as the flush of new growth was coming on, and later in the season continuous heavy rain restricted access to the plantations. As a result of this, and increasing labour shortages, tea volumes were just 39% of the previous year. However this was partly compensated for by firm prices on the international markets.

The macadamia nut crop was up some 18%, though international prices have been soft and as a result management have started value addition initiatives with the aim of improving margins. Livestock had a mixed year with firm prices for cattle and growth in the chicken business early in the year, but subsequent shortages of feed in the country reduced chicken volumes towards the latter part of the period. Price controls early in the year had a negative impact on margins.

Stone fruit and flower volumes were well below last year due to labour and electricity supply problems, and also due to the severe frost early in the year. Potato cropping is yielding good results as a local cash generator and the retail unit, FAVCO, is trading well but volumes are restricted by supply constraints.

The announcement, subsequent to the year end of a much more market related procedure for determining exchange rates will, if it is implemented, considerably improve the outlook for Ariston which is primarily an export oriented company.

HEADEND

Local and regional demand for bottles from the glass factory was firm throughout the year. Sales were constrained by plant availability rather than limits in demand.

Sales tonnage was 48% below that of 2007. The furnace has been subjected to a very unreliable power supply which has resulted in damage to electrodes and other sensitive plant and instrumentation.

Thus, on two occasions during the year the furnace has been taken off line, cooled and then repaired.

This resulted in a loss of approximately two month's production on each occasion.

Report of the Directors

The Directors present their Sixty-First Annual Report and the Audited Financial Statements of the Group for the year ended 31 March 2008.

YEAR'S RESULTS

		$bn's	$bn's
Earnings attributable to shareholders			534 648
Less:	Dividends		
	Interim: $250 per share paid December 2007	(262)	
	Final: $25 000 per share payable June 2008	(26 213)	
	Total: $25 250 per share (2007 – $13)		(26 475)
			508 173
	Transfer from share option reserve		6
Add:	Distributable reserves at beginning of year		153
	Distributable reserves at end of year		508 332

The Inflation adjusted figures are shown in the financial statements.

PROPERTY, PLANT & EQUIPMENT

Capital expenditure for the year to 31 March 2008 totalled $7 687 billion. The capital expenditure for the year to 31 March 2009 is planned at $100 quadrillion.

INVESTMENTS

The Company's effective shareholding in African Distillers Limited is 29,8%, that in Ariston Holdings Limited was at 40,6%

SHARE CAPITAL

The authorised share capital of the Company remains unchanged at 1 400 000 000 ordinary shares of 0,005 cents each. The issued share capital has increased by the allotment of 14 848 300 ordinary shares in accordance with the share option schemes and 1 033 866 ordinary shares in respect of the scrip in lieu of a dividend. The ordinary shares in issue now total 1 048 511 700.

The issued share capital, therefore, is $52 400 with a share premium of $12 734 million. The number of shares currently under option is 89 107 500.

RESERVES

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

DIRECTORS

Mr A C Parker resigned from the Board on 29 September 2007 on his retirement from SABMiller after serving on the Board for six years. The appointments of Prof H C Sadza and Mr K Mandevani on 1 June 2007 were confirmed at the last Annual General Meeting.

Messrs M J Bowman and L E M Ngwerume joined the Board on 1 October 2007 and 9 November 2007 respectively. Mr E R Mpisaunga was appointed to the Board on 1 April 2008 as Executive Director – Operations.

Messrs M J Bowman, E R Mpisaunga and L E M Ngwerume retire at the end of their interim appointments. Messrs S J Hammond, R H M Maunsell and Dr M S Mushiri 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 Sixty-First Annual General Meeting of the Company will be held at 12:00 hours on Tuesday 26 August 2008 at the Registered Office of the Company.

Dr R M Mupawose
Chairman

J S Mutizwa
Chief Executive

A Makamure
Company Secretary

9 May 2008

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 & 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.

Statement of Directors' Responsibilities

Delta's directors are required by the Companies Act to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed, 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 24.

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 March 2009. 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 26.

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 2008, which appear on pages 28 to 61 were approved by the Board of Directors on 1 August 2008 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 sheets as at 31 March 2008, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 28 to 61.

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 2008, 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
31 July 2008

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FINANCIAL STATEMENTS

Group Income Statements

FOR THE YEARS ENDED 31 MARCH

		INFLATION ADJUSTED		HISTORICAL	
	Notes	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's
REVENUE	7	8 185 525	4 944 662	675 436	375
Net gain on container deposit increase		2 973 372	804 607	272 529	67
Gain on realization of investment		137 022	–	137 022	–
Biological assets and livestock fair value adjustment		4 003	122 798	175 271	39
NET OPERATING COSTS	8	(5 978 235)	(4 016 503)	(331 644)	(230)
OPERATING INCOME		5 321 687	1 855 564	928 614	251
Net financing (expense)/income	9	(380 783)	135 604	(40 010)	16
Monetary loss		(2 072 314)	(777 521)	–	–
Equity accounted (loss)/earnings		(4 706)	13 720	3 282	3
		2 863 884	1 227 367	891 886	270
Taxation	10	(1 007 355)	(400 393)	(271 248)	(81)
INCOME AFTER TAXATION		1 856 529	826 974	620 638	189
Attributable to:					
Equity holders of the parent company		1 691 248	763 157	534 648	165
Minority interest		165 281	63 817	85 990	24
		1 856 529	826 974	620 638	189
EARNINGS PER SHARE (DOLLARS)					
– attributable and headline earnings basis	4.6	1 618 096,2	745 020,3	511 522,9	161,7
– fully diluted basis	4.6	1 546 345,8	720 801,4	488 840,7	156,5
– cash equivalent earnings basis	4.7	–	–	451 970,1	132,3
DIVIDENDS PER SHARE (DOLLARS)	11	113 159,1	53 152,0	25 250,0	14,0

Group Cash Flow Statements

FOR THE YEARS ENDED 31 MARCH

	Notes	INFLATION ADJUSTED 2008 $bn's	INFLATION ADJUSTED 2007 $bn's	HISTORICAL 2008 $bn's	HISTORICAL 2007 $bn's
Cash retained from operating activities					
Cash generated from trading	12.1	3 934 694	1 300 359	763 997	213
Utilised to increase working capital	12.2	(2 752 805)	(1 076 461)	(600 053)	(193)
Cash generated from operating activities		1 181 889	223 898	163 944	20
Net financing (expense)/income		(380 783)	135 604	(40 010)	16
Taxation paid	12.3	(254 481)	(104 443)	(102)	(6)
Cash flow from operations		546 625	255 059	123 832	30
Dividends paid	12.4	(150 284)	(62 195)	(276)	(2)
Net cash generated		396 341	192 864	123 556	28
Cash utilised in investment activities					
Investment in Subsidiary		–	(3 699)	–	–
Investment to maintain operations					
Replacement of property, plant and equipment		(9 528)	(127 099)	(2 772)	(14)
Proceeds on sale of Non-Carbonated Beverages business		–	397	–	–
Proceeds on disposal of property, plant and equipment		84 980	10 941	626	1
		75 452	(119 460)	(2 146)	(13)
Investment to expand operations					
Property, plant and equipment additions		(384 862)	(98 579)	(4 915)	(12)
Decrease/(increase) in loans and investments		14 423	(20 336)	(27 900)	(9)
		(370 439)	(118 915)	(32 815)	(21)
Net cash invested		(294 987)	(238 375)	(34 961)	(34)
Cash generated from financing activities					
Movement in long-term borrowings		–	(1 931)	–	–
Increase in shareholder funding	12.5	6 313	13 440	12	1
Net cash generated from financing activities		6 313	11 509	12	1
Net movement in cash and cash equivalents		107 667	(34 002)	88 607	(5)
Cash and cash equivalents at beginning of year		(19 065)	14 937	(5)	–
Cash and cash equivalents at the end of year	12.6	88 602	(19 065)	88 602	(5)
Cash flow per share (dollars)	4.8	522 981,8	231 073,9	102 683,7	25,0

Group Cash Value Added Statements

FOR THE YEARS ENDED 31 MARCH

	INFLATION ADJUSTED		HISTORICAL	
	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's
CASH GENERATED				
Cash derived from sales	8 293 772	4 732 725	481 948	304
Loss/(income) from investments	(4 706)	149 324	3 282	19
	8 289 066	4 882 049	485 230	323
Cash payments to suppliers of materials, facilities & services	(4 579 216)	(2 989 408)	(91 168)	(158)
Cash value added	3 709 850	1 892 641	394 062	165
Cash utilised to :				
Remunerate employees for their services	891 633	551 299	80 639	51
Pay income, sales and excise taxes to Government	1 890 809	1 086 283	149 581	84
Paid to lenders as a return on monies borrowed	380 783	–	40 010	–
Provide shareholders with a reward for the use of their risk capital	150 284	62 195	276	2
CASH DISBURSED AMONG STAKEHOLDERS	3 313 509	1 699 777	270 506	137
CASH RETAINED IN THE BUSINESS				
Cash retained from shareholders in exchange for scrip	–	13 156	–	–
Further retentions	396 341	179 708	123 556	28
NET CASH RETAINED	396 341	192 864	123 556	28

Group Balance Sheets
AS AT 31 MARCH

	Notes	INFLATION ADJUSTED 2008 $bn's	INFLATION ADJUSTED 2007 $bn's	HISTORICAL 2008 $bn's	HISTORICAL 2007 $bn's
ASSETS					
Non-Current Assets					
Property, plant and equipment	13	1 898 535	1 695 991	7 542	27
Biological assets	14	166 748	166 484	166 748	40
Investments in associates	15	41 106	45 800	3 245	3
Investments and other long-term assets	16	40 388	53 628	27 910	10
		2 146 777	1 961 903	205 445	80
Current Assets					
Inventories	17	4 269 024	1 640 741	551 467	201
Trade and other receivables	18	558 532	480 189	446 351	102
Short-term loans		–	1 183	–	–
Bank balances and cash		170 171	108 865	170 171	26
		4 997 727	2 230 978	1 167 989	329
Total Assets		7 144 504	4 192 881	1 373 434	409
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	19	1 040 911	1 028 246	13	1
Share options reserve	20	104 300	87 835	2 502	3
Retained earnings	21	2 660 762	1 082 433	508 332	153
Proposed dividend	11	26 213	54 376	26 213	13
Equity attributable to equity holders of the parent		3 832 186	2 252 890	537 060	170
Minority interest	22	761 709	317 613	86 015	26
Total Equity		4 593 895	2 570 503	623 075	196
Non-Current Liabilities					
Deferred tax liabilities	10	1 906 390	795 078	106 140	15
		1 906 390	795 078	106 140	15
Current Liabilities					
Borrowings	23	81 569	127 930	81 569	31
Trade and other payables	24	397 568	444 930	397 568	106
Current tax liabilities		165 082	254 440	165 082	61
		644 219	827 300	644 219	198
Total Equity and Liabilities		7 144 504	4 192 881	1 373 434	409

Group Statements of Changes in Total Equity

FOR THE YEARS ENDED 31 MARCH

		INFLATION ADJUSTED		HISTORICAL	
	Notes	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's
Total equity at the beginning of the year		2 570 503	1 727 990	196	4
Share capital issued – parent	19	12 666	13 440	12	–
Recognition of share based payments	20	22 160	63 424	2 505	3
Earnings attributable to shareholders of the parent		1 691 248	763 157	534 648	165
Dividends declared – parent					
– prior year final		(54 376)	(31 219)	(13)	–
– current year interim		(92 402)	(40 839)	(262)	(1)
Earnings attributable to minority shareholders		165 281	63 817	85 990	24
Dividends declared – subsidiary					
– prior year final		(3 506)	(2 027)	(1)	–
– current year interim		–	(1 266)	–	–
Investment in Subsidiary – minority share		282 321	16 709	–	1
Minority share of disposal of subsidiary		–	(2 683)	–	–
Total equity at the end of the year		4 593 895	2 570 503	623 075	196

Group Five Year Financial Review

FOR THE YEARS ENDED 31 MARCH

INFLATION ADJUSTED FINANCIAL INFORMATION

	2008 $bn's	2007 $bn's	2006 $bn's	2005 $bn's	2004 $bn's
CONSOLIDATED INCOME STATEMENTS					
REVENUE	8 185 525	4 944 662	3 314 975	3 370 283	2 477 103
Taxed operating income	2 245 317	744 921	(4 670)	214 083	210 563
Taxed interest (payable)/receivable	(388 788)	82 053	55 891	157 884	9 345
Income after taxation	1 856 529	826 974	51 221	371 967	219 908
Attributable to minorities	(165 281)	(63 817)	(14 690)	(7 986)	(28 590)
Earnings attributable to ordinary shareholders	1 691 248	763 157	36 531	363 981	191 318
Dividends	(118 615)	(95 215)	(89 130)	(163 992)	(70 644)
Retained earnings	1 572 633	667 942	(52 599)	199 989	120 674
CONSOLIDATED BALANCE SHEETS					
ASSETS					
Non-current assets	2 146 777	1 961 903	1 735 714	1 385 006	1 353 098
Current assets	4 997 727	2 230 978	866 359	1 097 711	898 307
TOTAL ASSETS	7 144 504	4 192 881	2 602 073	2 482 717	2 251 405
EQUITY AND LIABILITIES					
Shareholders' equity	3 832 186	2 252 890	1 484 923	1 509 292	1 276 409
Minority interest	761 709	317 613	243 106	60 620	54 720
Total shareholders' equity	4 593 895	2 570 503	1 728 029	1 569 912	1 331 129
Deferred taxation	1 906 390	795 078	538 001	384 557	476 140
Long-term borrowings	–	–	1 930	91	205
Current liabilities	644 219	827 300	334 113	528 157	443 931
TOTAL EQUITY AND LIABILITIES	7 144 504	4 192 881	2 602 073	2 482 717	2 251 405

Group Statistics

FOR THE YEARS ENDED 31 MARCH

FIVE YEAR FINANCIAL REVIEW OF HISTORICAL INFORMATION

	2008	2007	2006	2005	2004
SHARE PERFORMANCE					
PER SHARE (DOLLARS)					
Attributable earnings	**511 522,9**	161,73	2,37	0,49	0,12
Headline earnings	**511 522,9**	161,73	2,37	0,49	0,13
Cash equivalent earnings	**451 970,1**	132,33	2,09	0,48	0,12
Dividends	**25 250,0**	14,0	0,5	0,15	0,026
Cash flow	**102 683,7**	25,04	0,86	0,45	0,004
Net asset value	**512 211,4**	164,51	3,07	0,62	0,14
Closing market price	**20 000 000**	5 900	38	4	0,145
ZSE industrial index	**13 824 698 743**	4 026 327	31 045	2 484	348
SHARE INFORMATION					
In issue (m's)	**1 049**	1 033	1 014	999	899
Market capitalisation ($m's)	**20 980 000 000**	6 092 514	38 551	4 098	130
Trading volume (m's)	**78**	35	53	108	82
Trading percentage (%)	**13,45**	3,45	5,29	11,5	9,3
RATIOS AND RETURNS					
PROFITABILITY					
Return on equity (%)	**99,55**	84,71	76,6	85,1	84,1
Income after taxation to total capital employed (%)	**116**	49,51	59,4	77,7	64,9
Taxed operating return (%)	**122**	69,68	34,9	39,2	40,3
Pretax return on total assets (%)	**64,94**	66,09	46,0	59,5	47,9
SOLVENCY					
Long term debt to total Shareholders' funds (%)	**n/a**	n/a	0,47	0,02	0,10
Interest cover (times)	**n/a**	n/a	n/a	n/a	6,5
Total liabilities to total Shareholders' funds (%)	**120,43**	108,92	88,9	87,9	147,2
LIQUIDITY					
Current assets to interest free liabilities & short-term borrowings	**1,81**	1,66	1,54	1,82	1,48
PRODUCTIVITY					
Turnover per employee ($m's)	**126 000**	62,94	1,27	0,33	0,099
Turnover to payroll (times)	**8,38**	7,36	7,26	7,86	9,70
Cash value added to payroll (times)	**4,89**	4,66	3,29	4,40	3,69
OTHER					
Number of shareholders	**5 295**	4 007	3 623	3 104	3 104
Inflation Adjusted Information					
PER SHARE (DOLLARS)					
Attributable earnings	**1 618 096,2**	745 020,3	36 317,5	387 105,4	215 125,8
Headline earnings	**1 618 096,2**	745 020,3	36 317,5	387 105,4	216 869,5
Net asset value	**3 654 881,5**	2 181 702,1	1 463 692,2	1 510 032,4	1 420 004,8
SOLVENCY					
Long term debt to total Shareholder's funds (%)	**n/a**	n/a	0,11	0,10	0,20
Interest cover (times)	**n/a**	n/a	n/a	n/a	26,15
Total liabilities to total Shareholders' funds (%)	**55,5**	63,12	49,87	344,41	700,37

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.

2. CHANGE IN ACCOUNTING POLICY

In the current year the Group has changed its accounting policy in respect of the treatment of share options reserve. Previously the amounts credited at the time of expensing of share options were held indefinitely in this equity classification; under the changed policy the related amount is transferred back to retained earnings when the options are either exercised or forfeited.

The change in policy results in a reclassification of reserves within Shareholders' Equity and has no impact on earning or earnings per share in the current or past years. The amount reclassified, and the restatement in terms of this policy in respect of prior years has been shown in notes 20 and 21.

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 Company and 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 2008, using a 2001 base year, are as follows:

	Index	Conversion Factor
31 March 2008	8 395 791 848,8	1,0
31 March 2007	2 008 932,1	4 179,2
31 March 2006	87 337,5	96 130,4

Notes to the Financial Statements continued

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.

Notes to the Financial Statements continued

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 indexed 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:-

Notes to the Financial Statements continued

	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 cashflows 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. The value transferred to share options reserve is amortised to retained earnings as the related share options are exercised or forfeited.

3.12 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.

3.13 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 held for trading, 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.

3.14 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.

3.15 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

Notes to the Financial Statements continued

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.

3.16 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.

3.17 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 assets 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 26.

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$33 643 (2007 : US$74 613) 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 have been translated at a rate of US$1 = $57 352 000.

Notes to the Financial Statements continued

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 1 045 208 538 : (2007 – 1 024 343 874). Fully diluted earnings per share is disclosed on the income statement. Dilution arising in respect of share options granted amounts to 4,64% and 3,36% for 2008 and 2007 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 :-

	2008 $bn's	2007 $bn's
Earnings attributable to shareholders	534 648	165
Adjusted for		
Non-cash items	(175 099)	(38)
Equity accounted retained earnings	(3 282)	(3)
Deferred tax	106 125	15
Add: minority share of adjustments	10 011	3
Cash equivalent earnings	472 403	142

Notes to the Financial Statements continued

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	
	2008 $bn's	2007 $bn's	**2008 $bn's**	2007 $bn's
Sales proceeds	**7 005 064**	3 966 241	**556 555**	295
Excise and levies	**854 770**	447 495	**77 310**	35
Value added tax	**781 558**	533 776	**72 169**	43
Other	**111 636**	89 410	**16 230**	13
	8 753 028	5 036 922	**722 264**	386
Less: intra-group sales	**(567 503)**	(92 260)	**(46 828)**	(11)
	8 185 525	4 944 662	**675 436**	375
Export sales included above	**275 438**	260 107	**22 728**	28

Notes to the Financial Statements continued

8. OPERATING INCOME

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

	INFLATION ADJUSTED		HISTORICAL	
8.1 Net Operating Costs	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's
Sundry operating income	(84 878)	(89 611)	(36 911)	(2)
Changes in inventories of finished goods and work in progress	(62 470 680)	(707 193)	12 952	(106)
Raw materials and consumables used	63 957 195	2 174 611	22 711	159
Depreciation expense (note 8.2)	176 786	118 439	172	1
Staff costs	891 633	551 299	80 639	51
Excise, levies and value added tax	1 636 328	981 275	149 478	78
Loss/(profits) on disposal of subsidiary	–	5 266	–	(1)
(Profit)/loss on disposal of property, plant and equipment	(69 920)	28 043	(626)	(1)
Share option expenses	22 160	63 424	2 505	3
Other operating expenses	1 919 611	890 950	100 724	48
	5 978 235	4 016 503	331 644	230
8.2 Depreciation of property, plant and equipment				
Buildings	14 376	9 016	2	–
Plant, equipment and vehicles	162 410	109 423	170	1
	176 786	118 439	172	1
8.3 Auditors' Remuneration				
Current year audit fees and expenses	105 153	39 661	8 676	3
Prior year (over)/under provision	–	397	–	–
	105 153	40 058	8 676	3

Included in current year Group audit fees are fees for the company of $107 billion (2007 – $37 million).

	INFLATION ADJUSTED		HISTORICAL	
8.4 Net Leasing Expense	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's
Lease payments:				
– Minimum lease payments	53 444	36 506	4 410	3

Notes to the Financial Statements continued

9. NET FINANCING (EXPENSE)/INCOME

	INFLATION ADJUSTED		HISTORICAL	
	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's
Interest income:				
– Short-term loans and investments	35 585	107 569	3 739	13
Interest expenditure:				
– Short-term borrowings	(33 301)	(22 631)	(3 499)	(3)
Exchange gains	452 514	205 201	47 547	24
Exchange losses	(835 581)	(154 535)	(87 797)	(18)
	(380 783)	135 604	(40 010)	16

10. TAXATION

10.1 Taxation Charge

	INFLATION ADJUSTED 2008 $bn's	INFLATION ADJUSTED 2007 $bn's	HISTORICAL 2008 $bn's	HISTORICAL 2007 $bn's
Income tax:				
Holding company and subsidiaries				
Current – standard	160 314	267 444	160 314	64
– AIDS levy	4 809	8 023	4 809	2
Deferred taxation	842 232	124 926	106 125	15
	1 007 355	400 393	271 248	81

10.2 Reconciliation of Rate of Taxation – %

	HISTORICAL 2008	HISTORICAL 2007
Standard rate	30,9	30,9
Adjusted for:		
Effect of expenses not deductible for tax	0,6	0,8
Effect of income not taxable	(0,8)	(1,2)
Effect of associate income	(0,3)	(0,4)
Effective rate	30,4	30,1

Notes to the Financial Statements continued

10. TAXATION CONTINUED

	INFLATION ADJUSTED		HISTORICAL	
	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's
10.3 Deferred Tax Liabilities				
Balance at beginning of year	795 079	443 210	15	–
Monetary loss on tax base	269 079	163 900	–	–
Charge to income statement	842 232	124 926	106 125	15
Deferred capital gains tax	–	63 043	–	–
Balance at end of year	1 906 390	795 079	106 140	15
Analysis of balance at end of year				
Property, plant and equipment	589 189	438 932	505	3
Biological assets	51 525	51 171	51 525	12
Inventories	1 231 148	255 410	15 132	6
Unrealised exchange losses/(gains)	39 896	(31 026)	39 896	(7)
Prepayments	22 787	17 549	781	1
Deferred capital gains tax	–	63 043	–	–
Disallowed general provisions	(28 155)	–	(1 699)	–
	1 906 390	795 079	106 140	15

11. DIVIDENDS

	HISTORICAL PER SHARE		INFLATION ADJUSTED		HISTORICAL	
	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's
Interim	250	1,40	92 402	40 839	262	1
Final – proposed	25 000	12,60	26 213	54 376	26 213	13
	25 250	14,00	118 615	95 215	26 475	14

12. CASH FLOW INFORMATION

	INFLATION ADJUSTED		HISTORICAL	
	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's
12.1 Cash Generated From Trading				
Operating income	5 321 687	1 855 564	928 614	251
Monetary loss	(2 072 314)	(777 521)	–	–
Depreciation	176 786	118 439	172	1
(Profit)/loss on disposal of property, plant and equipment	(69 920)	28 043	(626)	(1)
Biological assets fair value adjustment	(4 003)	(122 798)	(175 271)	(39)
Other non cash items	582 458	198 632	11 108	1
	3 934 694	1 300 359	763 997	213
12.2 Utilised To (Increase)/ Decrease Working Capital				
Increase in inventories	(2 628 283)	(1 059 239)	(551 266)	(197)
Increase in debtors and short-term loans	(77 160)	(226 493)	(446 249)	(100)
(Decrease)/increase in creditors	(47 362)	209 271	397 462	104
	(2 752 805)	(1 076 461)	(600 053)	(193)
12.3 Taxation Paid				
Liability at beginning of year	(254 440)	(83 416)	(61)	(1)
Taxation provided (see note 10)	(165 123)	(275 467)	(165 123)	(66)
Liability at end of year	165 082	254 440	165 082	61
	(254 481)	(104 443)	(102)	(6)
12.4 Dividends Paid				
By the Company:				
Proposed dividend at beginning of year	(54 376)	(31 219)	(13)	–
Shares issued in lieu of dividends	–	13 156	–	–
Current year dividends (note 11)	(118 615)	(95 215)	(26 475)	(14)
Proposed dividend at end of year	26 213	54 376	26 213	13
	(146 778)	(58 902)	(275)	(1)
By Subsidiaries :				
Minority's share of dividends at beginning of year	(3 506)	(2 026)	(1)	–
Minority's share of dividends declared	(2 526)	(4 773)	(2 526)	(2)
Minority's share of dividends at end of year	2 526	3 506	2 526	1
	(3 506)	(3 293)	(1)	(1)
Total dividends paid	(150 284)	(62 195)	(276)	(2)

Notes to the Financial Statements continued

12. CASH FLOW INFORMATION continued

	INFLATION ADJUSTED		HISTORICAL	
	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's
12.5 Increase In Shareholder Funding				
Proceeds of shares issued:				
By the Company	6 313	13 440	12	–
By subsidiaries to minority shareholders	–	–	–	1
	6 313	13 440	12	1
12.6 Cash And Cash Equivalents				
Made up as follows:				
Bank balances and cash	170 171	108 865	170 171	26
Short-term borrowings	(81 569)	(127 930)	(81 569)	(31)
	88 602	(19 065)	88 602	(5)

13. PROPERTY, PLANT AND EQUIPMENT

	INFLATION ADJUSTED		HISTORICAL	
	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's
Freehold Properties				
Indexed cost/cost	1 195 045	1 185 569	60	1
Capital work in progress	20 546	24 411	80	–
	1 215 591	1 209 980	140	1
Depreciation	(384 246)	(369 874)	(2)	–
	831 345	840 106	138	1
Leasehold Properties				
Indexed cost/cost	15 863	15 860	554	–
Depreciation	(8 809)	(8 526)	–	–
	7 054	7 334	554	–
Plant And Equipment				
Indexed cost/cost	1 764 620	1 711 801	5 037	10
Capital work in progress	407 932	87 467	1 676	11
	2 172 552	1 799 268	6 713	21
Depreciation	(1 259 976)	(1 135 234)	(157)	–
	912 576	664 034	6 556	21
Vehicles				
Indexed cost/cost	316 792	328 216	305	3
Capital work in progress	11 682	11 702	2	2
	328 474	339 918	307	5
Depreciation	(180 914)	(155 401)	(13)	–
	147 560	184 517	294	5
Total property, plant and equipment	1 898 535	1 695 991	7 542	27

Notes to the Financial Statements continued

13. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	INFLATION ADJUSTED		HISTORICAL	
	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's
Movement in net book amount for the year:				
At beginning of the year	1 695 991	1 627 736	27	2
Capital expenditure	394 390	225 678	7 687	26
Disposals	(15 060)	(38 984)	–	–
Depreciation charged to operating income	(176 786)	(118 439)	(172)	(1)
At end of the year	1 898 535	1 695 991	7 542	27
Capital expenditure comprised:				
Freehold properties	1 128	8 579	139	1
Leasehold properties	4 497	117	554	–
Plant and equipment	374 478	164 102	6 630	5
Vehicles	14 287	52 880	364	20
	394 390	225 678	7 687	26
Disposals comprised :				
Plant and equipment	75	26 041	–	–
Vehicles	14 985	12 943	–	–
	15 060	38 984	–	–
Original cost and indexed cost of fully depreciated assets still in use:				
Freehold and leasehold properties	1 927	585	–	–
Plant and equipment	1 296 227	55 868	–	–
Vehicles	116 035	3 093	–	–
	1 414 189	59 546	–	–

Notes to the Financial Statements continued

14. BIOLOGICAL ASSETS – PLANTATIONS

	INFLATION ADJUSTED		HISTORICAL	
	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's
Carrying amount at beginning of year	166 484	42 804	40	–
On acquisition				
Additions at cost	1 608	882	569	1
Fair value adjustment	(1 344)	122 798	166 139	39
Carrying amount at end of year	166 748	166 484	166 748	40

15. INVESTMENTS IN ASSOCIATES

Shares at cost	17 870	17 857	1	–
Post acquisition distributable reserves	23 236	27 943	3 244	3
	41 106	45 800	3 245	3

16. INVESTMENTS IN ASSOCIATES

16.1 Investments				
Quoted shares at cost	–	202	–	–
16.2 Loans				
Secured	27 910	40 948	27 910	10
16.3 Trademarks				
At cost	12 478	12 478	–	–
Total	40 388	53 628	27 910	10

16.4 Included in the Group's secured loans of $27 910 billion are loans of $8 427 billion (2007 – $2,5 billion) to Directors and Officers of the Group. These are made in terms of a Group Housing Loan Scheme. During the year $8 425 billion was advanced.

Notes to the Financial Statements continued

17. INVENTORIES

	INFLATION ADJUSTED 2008 $bn's	INFLATION ADJUSTED 2007 $bn's	HISTORICAL 2008 $bn's	HISTORICAL 2007 $bn's
Consumable stores	1 200 117	395 334	70 746	35
Containers	695 170	565 208	325 907	93
Finished products	152 406	126 957	48 111	17
Raw materials	2 014 944	476 796	73 400	49
Products in process	197 417	70 144	24 333	5
Livestock	8 970	6 302	8 970	2
	4 269 024	1 640 741	551 467	201

18. TRADE AND OTHER RECEIVABLES

	INFLATION ADJUSTED 2008 $bn's	INFLATION ADJUSTED 2007 $bn's	HISTORICAL 2008 $bn's	HISTORICAL 2007 $bn's
Trade receivables	193 560	301 807	193 560	72
Prepaid expenses and other receivables	364 972	178 382	252 791	30
	558 532	480 189	446 351	102

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

	2008 Number of shares m's	2007 Number of shares m's
At beginning and end of year	1 033	1 014
Scrip Dividend	1	8
Exercise of share options	15	11
At end of year	1 049	1 033

Included in the value of issued share capital is $52 450 (2007 – $52 000) in respect of original cost of the shares issued.

Notes to the Financial Statements continued

19. ISSUED CAPITAL CONTINUED

	INFLATION ADJUSTED		HISTORICAL	
	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's
19.2 ORDINARY SHARES ISSUED AND FULLY PAID CONTINUED				
Share Capital				
At beginning of year	304 140	304 140	–	–
Arising on exercise of share options	6 352	–	–	–
At end of year	310 492	304 140	–	–
Share Premium				
At beginning of year	724 106	710 666	1	1
Arising on exercise of share options	6 313	13 440	12	–
At end of year	730 419	724 106	13	1
Issued capital at end of year	1 040 911	1 028 246	13	1

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 $17 550 (2007 – $18 000) 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.

19. ISSUED CAPITAL CONTINUED

19.4 Shares Under Option continued

Details of the share options outstanding during the year are as follows:

DATE OF GRANT	SUBSCRIPTION PRICES (DOLLARS)	NUMBERS OF SHARES	
		2008	2007
15 January 2004	0,15	835 000	3 792 000
13 May 2004	0,25	667 500	12 138 800
13 May 2005	5,10	2 025 000	2 250 000
12 August 2005	8,10	7 050 000	7 050 000
13 May 2006	50,00	10 800 000	11 000 000
4 August 2006	210,00	500 000	500 000
11 November 2006	430,00	5 900 000	5 975 000
11 May 2007	6 500,00	24 850 000	–
2 January 2008	1 800 000,00	36 480 000	–
		89 107 500	42 705 800

	2008	2007
Number outstanding at beginning of year	42 705 800	36 533 200
New options granted during year	61 330 000	17 875 000
Exercised during year	(13 858 300)	(10 357 500)
Forfeited during year	(1 070 000)	(1 344 900)
Outstanding at end of year	89 107 500	42 705 800

The weighted average price of exercise of share options and the weighted average stock exchange price on the date of exercise were $3,12 and $70 486 respectively. Shares forfeited had an average exercise price of $659,55.

19.5 Directors' Shareholdings

At 31 March 2008, the Directors held directly and indirectly the following number of shares in the Company:

	2008	2007
M E Kahari	10 000	10 000
E R Mpisaunga	66 468	–
R H M Maunsell	1 969 782	1 230 236
H C Sadza	7 449	–
M S Mushiri	3 583 714	2 018 819
J S Mutizwa	3 604 034	1 115 000
R M Mupawose	44 316	43 924
	9 285 763	4 417 979

No changes in Directors' shareholdings have occurred between the financial year end and 9 May 2008.

Notes to the Financial Statements continued

20. SHARE OPTIONS RESERVE

	INFLATION ADJUSTED 2008 $bn's	INFLATION ADJUSTED 2007 $bn's	HISTORICAL 2008 $bn's	HISTORICAL 2007 $bn's
At beginning of year	87 835	–	3	–
Effect of change in accounting policy:	–	–	–	–
– transfer to retained income	(4 176)	–	–	–
As restated	83 659	24 411	3	–
Recognition of options granted	22 160	63 424	2 505	3
Amortised to retained earnings	(1 519)	–	(6)	–
At the end of year	104 300	87 835	2 502	3

21. RETAINED EARNINGS

	INFLATION ADJUSTED 2008 $bn's	INFLATION ADJUSTED 2007 $bn's	HISTORICAL 2008 $bn's	HISTORICAL 2007 $bn's
At beginning of year	1 082 434	414 491	153	2
Effect of change in accounting policy:				
– transfer from share options reserve	4 176	–	–	–
As restated	1 086 610	414 491	153	2
Attributable earnings for the year	1 691 248	763 157	534 648	165
Transfer from share options reserve	1 519	–	6	–
Dividend declared – current year interim	(92 402)	(40 839)	(262)	(1)
Dividend proposed – current year final	(26 213)	(54 376)	(26 213)	(13)
At end of year	2 660 762	1 082 433	508 332	153
Retained in Holding Company	(1 021 701)	(1 007 053)	–	–
Subsidiaries and arising on consolidation	3 659 227	2 061 543	505 088	150
Associated companies	23 236	27 943	3 244	3
	2 660 762	1 082 433	508 332	153

22. MINORITY INTEREST

	INFLATION ADJUSTED 2008 $bn's	INFLATION ADJUSTED 2007 $bn's	HISTORICAL 2008 $bn's	HISTORICAL 2007 $bn's
At beginning of year	317 613	243 106	26	2
Share of attributable earnings for the year	165 281	63 817	85 990	24
Arising on investment in subsidiary	282 321	16 709	–	1
Minority share of disposal of subsidiary	–	(2 726)	–	–
Dividend paid by subsidiaries	(3 506)	(3 293)	(1)	(1)
At end of year	761 709	317 613	86 015	26

23. BORROWINGS

	INFLATION ADJUSTED		HISTORICAL	
	2008 $bn's	2007 $bn's	2008 $bn's	2007 $bn's
Short-term borrowings				
Short-term loans	**81 569**	127 930	**81 569**	31

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 $537 060 billion.

Short-term borrowings include foreign loans amounting to $39 632 billion (2007 – $27 billion). Forward cover contracts have not been negotiated in respect of the outstanding balance and related interest and therefore these amounts are subject to exchange rate fluctuations.

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

Unsecured				
United States Dollars (USD)				
Interest rate 12,50%				
Amount: US$651 000	**39 632**	113 107	**39 632**	27

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.

24. TRADE AND OTHER PAYABLES

Trade payables	**156 511**	170 634	**156 511**	41
Accruals and other payables	**241 057**	274 296	**241 057**	65
	397 568	444 930	**397 568**	106

Amounts are payable within twelve months

Notes to the Financial Statements continued

25. 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.

TRADING TRANSACTIONS | HISTORICAL PER SHARE | INFLATION ADJUSTED | HISTORICAL

	Sales of goods $bn's	Purchases of goods $bn's	Royalties & Technical fees $bn's	Rental Payments $bn's	Amounts owed by Related parties $bn's	Amounts owed to related parties $bn's
Inflation adjusted 2008						
SABMiller Companies	(122 595)	421 995	41 277		181 698	(246 328)
Associates	(53 298)	364	19 826	–	–	(93 873)
Delta Pension Fund	–	–	–	291	–	–
	(175 893)	422 319	61 103	291	181 698	(340 201)
Inflation adjusted 2007						
SABMiller Companies	(90 284)	458 946	77 207	–	62 948	(22 906)
Associates	(45 194)	397	–	–	11 468	(3 193)
Delta Pension Fund	–	–	–	276	–	–
	(135 478)	459 343	77 207	276	74 416	(26 099)
Historical 2008						
SABMiller Companies	(10 116)	34 818	3 406	–	14 993	(20 326)
Associates	(4 398)	30	1 636	–	–	(7 746)
Delta Pension Fund	–	–	–	24	–	–
	(14 514)	34 848	5 042	24	14 993	(28 072)
Historical 2007						
SABMiller Companies	(7)	35	5	–	15	(5)
Associates	(3)	–	–	–	3	(1)
Delta Pension Fund	–	–	–	–	–	–
	(10)	35	5	–	18	(6)

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.

25. RELATED PARTY TRANSACTIONS CONTINUED

Compensation of key Management Personnel

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

	INFLATION ADJUSTED		HISTORICAL	
	2008 $bn's	2007 $bn's	**2008 $bn's**	2007 $bn's
Short-term benefits	**28 819**	12 325	**2 378**	1
Post-employment benefits	**4 969**	2 069	**410**	–
Share based payments	**16 991**	20 395	**1 402**	2
	50 779	34 789	**4 190**	3
Included in the above amounts are the following in respect of directors' emoluments:				
Paid by subsidiaries:				
For services as directors	**291**	146	**24**	–
For managerial services	**32 612**	18 267	**2 691**	1
	32 903	18 413	**2 715**	1

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

26. SHARE BASED PAYMENTS

In terms of the company share option scheme, options were granted on 11 May 2007 and 2 January 2008. The estimated fair value of the options granted on those dates was $122 billion and $48 828 billion respectively. The Group recognised total expenses of $2 505 billion in respect of share options granted. The options granted in May 2007 vest after three years and the options granted in January 2008 vest after five years and, accordingly, the fair value will be amortised over those periods.

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.

	11 May 2007	**2 January 2008**
Weighted average fair value of options granted:	$4 875	**$1 350 000**
Share price	$6 500	**$1 800 000**
Exercise price	$6 500	**$1 800 000**
Expected volatility	0,97	**0,97**
Expected option life	3,30 years	**5,40 years**
Expected dividends	3,50%	**3,50%**
Long term risk free interest rate	75%	**75%**

26. SHARE BASED PAYMENTS CONTINUED

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 for the options that vest after 3 years and 19% for those that vest after 5 years.

27. NET FUTURE OPERATING LEASE COMMITMENTS

	HISTORICAL	
	2008 $bn's	2007 $bn's
Lease payments:		
– Payable within one year	9 226 730	132
– Payable two to five years	36 959 231	533
– Payable thereafter	37 941 306	539
	84 127 267	1 204

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.

28. COMMITMENTS FOR CAPITAL EXPENDITURE

Contracts and orders placed	7 773	13
Authorised by directors but not contracted	24 167 993	1 231
	24 175 766	1 244

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

29. PENSION FUNDS

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

29.1 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.

29.2 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.

29.3 The Ariston Holdings Limited Group Pension Fund

The Company contributes to a defined contribution plan for the benefit of certain eligible employees.

29.4 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 $5 billion per month (2007 – $130 000) for each employee.

29.5 Pension Costs Recognised As An Expense For The Year

	INFLATION ADJUSTED		HISTORICAL	
	2008 $bn's	2007 $bn's	**2008 $bn's**	2007 $bn's
Defined contribution funds	**37 859**	26 705	**3 124**	2
National Social Security Authority Scheme	**1 079**	2 081	**89**	–
	38 938	28 786	**3 213**	2

30. FINANCIAL RISK MANAGEMENT

30.1 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.

30.2 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.

30.3 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.

Notes to the Financial Statements continued

30. FINANCIAL RISK MANAGEMENT CONTINUED

30.4 Liquidity Risk Management

The Group has no liquidity risk as shown by its unutilised banking facilities of $160 tillion (2007 – $6 billion) and the demand for its corporate paper.

30.5 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.

30.6 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 2008 $bn's	INFLATION ADJUSTED 2007 $bn's	HISTORICAL 2008 $bn's	HISTORICAL 2007 $bn's
ASSETS					
NON-CURRENT ASSETS					
Investments in Associated Companies		**19 198**	17 657	1	–
Interest in Subsidiaries	A	**93**	5 186	93	2
		19 291	22 843	94	2
CURRENT ASSETS					
Dividends receivable		**26 213**	54 602	26 213	13
TOTAL ASSETS		**45 504**	**77 445**	**26 307**	**15**
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Issued capital	19	**1 040 911**	1 028 246	**13**	1
Retained Earnings	21	**(1 021 701)**	(1 007 053)	**–**	–
Reserves Proposed dividend	11	**26 213**	54 376	**26 213**	13
		45 423	75 569	**26 226**	14
CURRENT LIABILITIES					
Accruals and dividends payable		**81**	1 876	**81**	1
TOTAL EQUITY AND LIABILITIES		**45 504**	77 445	**26 307**	15

A	**INTEREST IN SUBSIDIARIES**				
	Shares at cost less provisions	**93**	5 186	**93**	2

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

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
  - 41% **Ariston** Holdings Limited
- 30% **African Distillers Limited**

"We are, and seek to remain, an integrated Total Beverage Business dominating all sectors of the cold beverage market in Zimbabwe."

Portfolio of Businesses
ACTIVITIES

BEVERAGES
MANUFACTURING AND DISTRIBUTION

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

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

SPARKLING BEVERAGES 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


Dr R M Mupawose


J S Mutizwa


R H M Maunsell


Dr M S Mushiri


E R Mpisaunga


M J Bowman


C F Dube

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.
E R Mpisaunga	B.Sc (Hons)

NON-EXECUTIVE DIRECTORS

M J Bowman	B.Com; MBA~
C F Dube	LLB; MBA
S J Hammond	B.Comm; CA(Z) ~
M E Kahari	BA * ~
K Mandevhani	B.Sc Econ (Hons); MBA
L E M Ngwerume	BA; MBA; IMS
Prof H C Sadza	B.Sc;MA; Phd; MIPMZ; MZim
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


S J Hammond

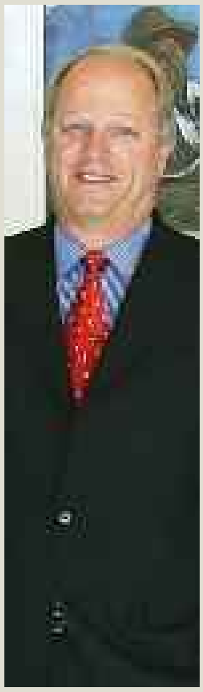

M E Kahari


K Mandevhani


L E M Ngwerume


Prof H C Sadza


T N Sibanda


G J van den Houten

Board of Directors

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 Resources
E R Mpisaunga	B.Sc (Hons) Animal Science	Executive Director – Operations
A Makamure	B. Acc (Hons) CA(Z)	Company Secretary
M R Makomva	B.Acc(Hons); CA(Z); MBL	Managing Director – Megapak (Pvt) Limited
J H Manyakara	B.Admin(Hons)	Director – Human Resources
P B Murengami	FCMA; FCIS; MBA	General Manager – Transport
Dr M G Nyandoroh	B.Sc (Hons); M.Sc; Phd	General Manager – Beverage Operations
D Taranhike	M.Sc; MBA	General Manager – Beverage Operations
M M Valela	B. Tech (Accounts); CA(Z)	Group Treasurer
A T Wright	B.Sc.Eng.; M.Sc; MBA	Director – Information Technology

Notice to the Members

Notice is hereby given that the Sixty First Annual General Meeting of Members of Delta Corporation Limited will be held at the Registered Office of the Company at Northridge Close, Borrowdale on Tuesday 26 August 2008 at 12 00 hours for the following purposes.

ORDINARY BUSINESS

1. **Financial Statements**
   To receive and adopt the Financial Statements for the year ended 31 March 2008, together with the Report of Directors and Auditors thereon.

2. **To appoint Directors**
   Mr A C Parker resigned from the Board on 29 September 2007 on his retirement from SABMiller after serving on the Board for six years.

   Messrs M J Bowman and L E M Ngwerume joined the Board on 1 October 2007 and 9 November 2007 respectively. Mr E R Mpisaunga was appointed to the Board on 1 April 2008 as Executive Director – Operations.

   Messrs M J Bowman, E R Mpisaunga and L E M Ngwerume retire at the end of their interim appointments. Messrs S J Hammond, R H M Maunsell and Dr M S Mushiri are due to retire by rotation. All being eligible, they will offer themselves for re-election.

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

SPECIAL BUSINESS

1. **Directors Fees**
   To review fees payable to 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:

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

- 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 will take account of, inter alia, the long term cash need of the Company, and will ensure the Company will remain solvent after the re-purchase.

3. **Employee Empowerment Scheme**
To Resolve:
That a total of twenty million (20 000 000) shares be transferred from the existing "Delta Corporation Limited Share Option Scheme – 2008" and are hereby allocated to the Delta Employee Empowerment Trust and that the Directors can sell or otherwise grant up to 20 000 000 (twenty 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

31 July 2008

Shareholders Analysis and Calendar

Size of Shareholding	Number of Shareholders	%	Issued Shares	%
1 to 5 000	3 723	70,3	3 941 576	0,3
5 001 to 10 000	425	8,0	3 053 887	0,2
10 001 to 25 000	410	7,7	6 436 101	0,6
25 001 to 50 000	223	4,2	7 921 442	0,7
50 001 to 100 000	176	3,3	12 455 973	1,1
100 001 to 200 000	120	2,3	17 146 010	4,4
200 001 to 500 000	103	2,0	31 997 506	3,2
Over 500 000	115	2,2	965 559 205	89,5
	5 295	100,0	1 048 511 700	100,0

Category				
Local Companies	664	12,5	48 840 684	4,7
Foreign Companies	5	0,1	375 340 377	35,8
Pension Funds	246	4,6	199 572 974	19,0
Nominees, local	217	4,1	136 751 402	13,0
Nominees, foreign	9	0,2	5 574 658	0,5
Insurance Companies	46	0,9	145 204 386	13,9
Resident Individuals	3 286	62,1	32 737 543	3,1
Non Resident Individuals	234	4,4	31 235 923	3,0
Investments & Trusts	433	8,2	63 803 448	6,1
Fund Managers	64	1,2	6 144 408	0,6
Deceased Estates	7	0,1	16 572	0,0
Other Organisations	84	1,6	3 289 325	0,3
	5 295	100,0	1 048 511 700	100,0

Included in the category of 'over 500 000 shares' is Delta Employee Participation Trust Company (Private) Limited which holds 8 870 949 shares on behalf of 2 358 employees who participate in the scheme.

TOP TEN SHAREHOLDERS

Shareholder	2008	%	2007	%
Rainier Inc.	**193 137 519**	18,4	192 957 817	18,7
SABMiller Zimbabwe BV	**157 484 942**	15,0	157 338 312	15,2
Old Mutual Life Assurance Co.	**154 213 397**	14,7	145 816 460	14,1
Old Mutual Zimbabwe Ltd	**132 603 357**	12,7	144 989 542	14,0
Post Office Savings Bank	**33 764 933**	3,2	53 533 976	5,2
Fed Nominees P/L	**31 200 223**	3,0	38 618 644	3,7
Browning Investments NV	**22 178 835**	2,1	22 158 199	2,1
Barclays Bank Nominees (PVT) LTD NNR	**19 458 319**	1,9	19 440 217	1,9
Edwards Nominees (Private) Limited NNR	**14 690 590**	1,4	–	–
Datvest Nominees (PVT) LTD	**12 957 370**	1,2	9 171 508	1,2
Delta Employees Share Participation Trust Co	**–**	–	8 861 240	0,9
Other	**276 822 215**	26,4	239 743 619	23,0
	1 048 511 700	100,0	1 032 629 534	100,0

MAJOR SHAREHOLDERS	2008	%	2007	%
Old Mutual	**286 816 754**	27,3	290 806 002	28,1
SABMiller	**372 801 296**	35,6	372 454 328	36,1
	659 618 050	**62,9**	**663 260 330**	**64,2**

RESIDENT AND NON-RESIDENT SHAREHOLDERS				
Resident	**669 852 831**	63,1	654 074 954	63,3
Non-Resident	**378 658 869**	36,9	378 554 580	36,7
	1 048 511 700	**100,0**	**1 032 629 534**	**100,0**

SHARE PRICE INFORMATION

Mid Range Price at:		
30 June 2007	$	36 000
30 September 2007	$	80 000
31 December 2007	$	2 000 000
31 March 2008	$	20 000 000

Price Range:		
Highest: 17 March 2008	$	20 000 000
Lowest: 16 April 2007	$	5 500

CALENDAR

Sixty First Annual General Meeting	26 August 2008
Financial Year End	31 March 2009
Interim Reports:	**Anticipated Dates:**
6 months to 30 September 2008	November 2008
12 months to 31 March 2009 and final dividend declaration	May 2009
Dividend Payment Date – final	July 2009
Annual Report Published	July 2009

Registered Office:
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Northridge Close
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

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
31 July 2008

Notes

Notes

DELTA CORPORATION
LIMITED