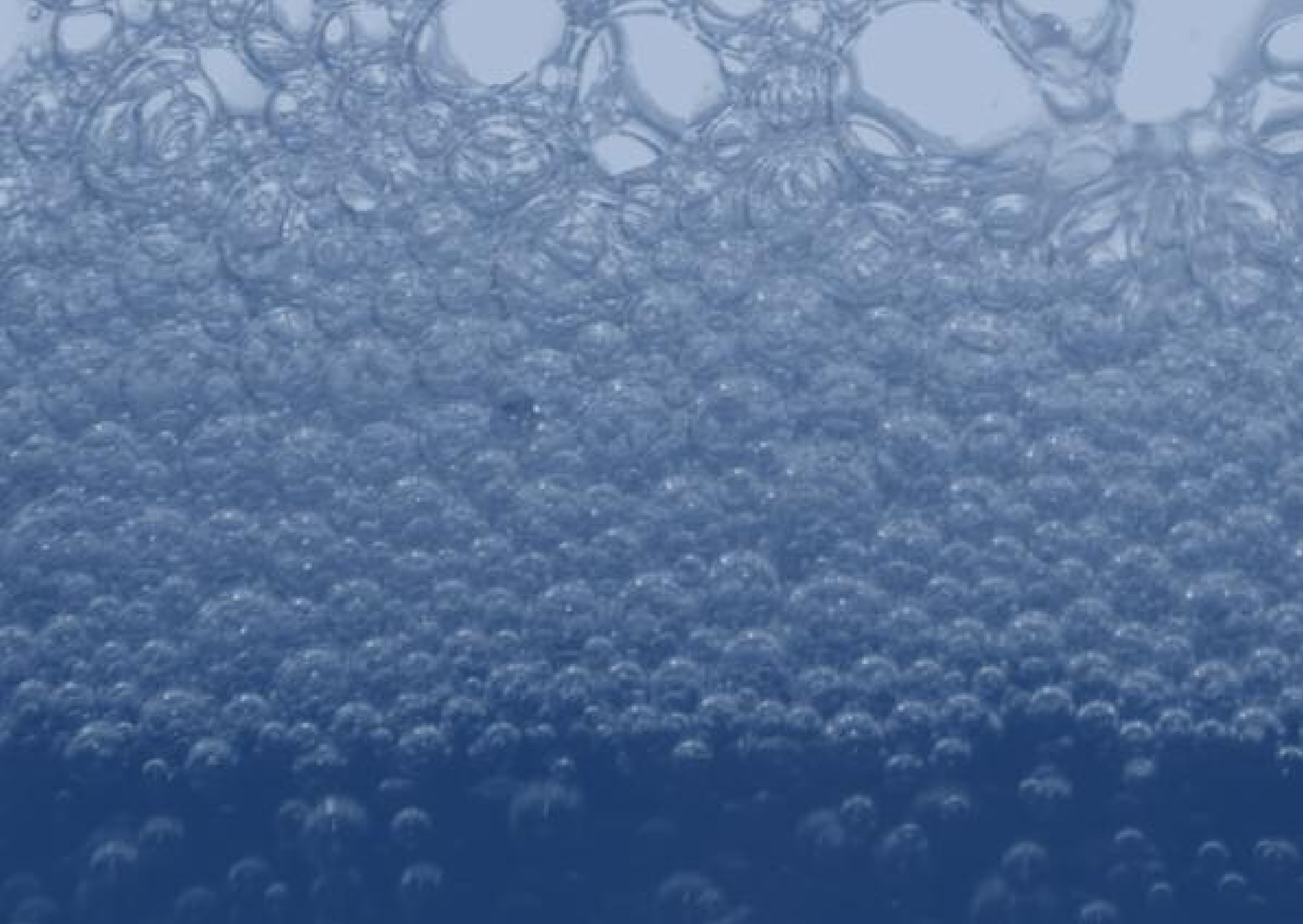
Delta Corporation Limited | *Annual Report* 2009

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

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

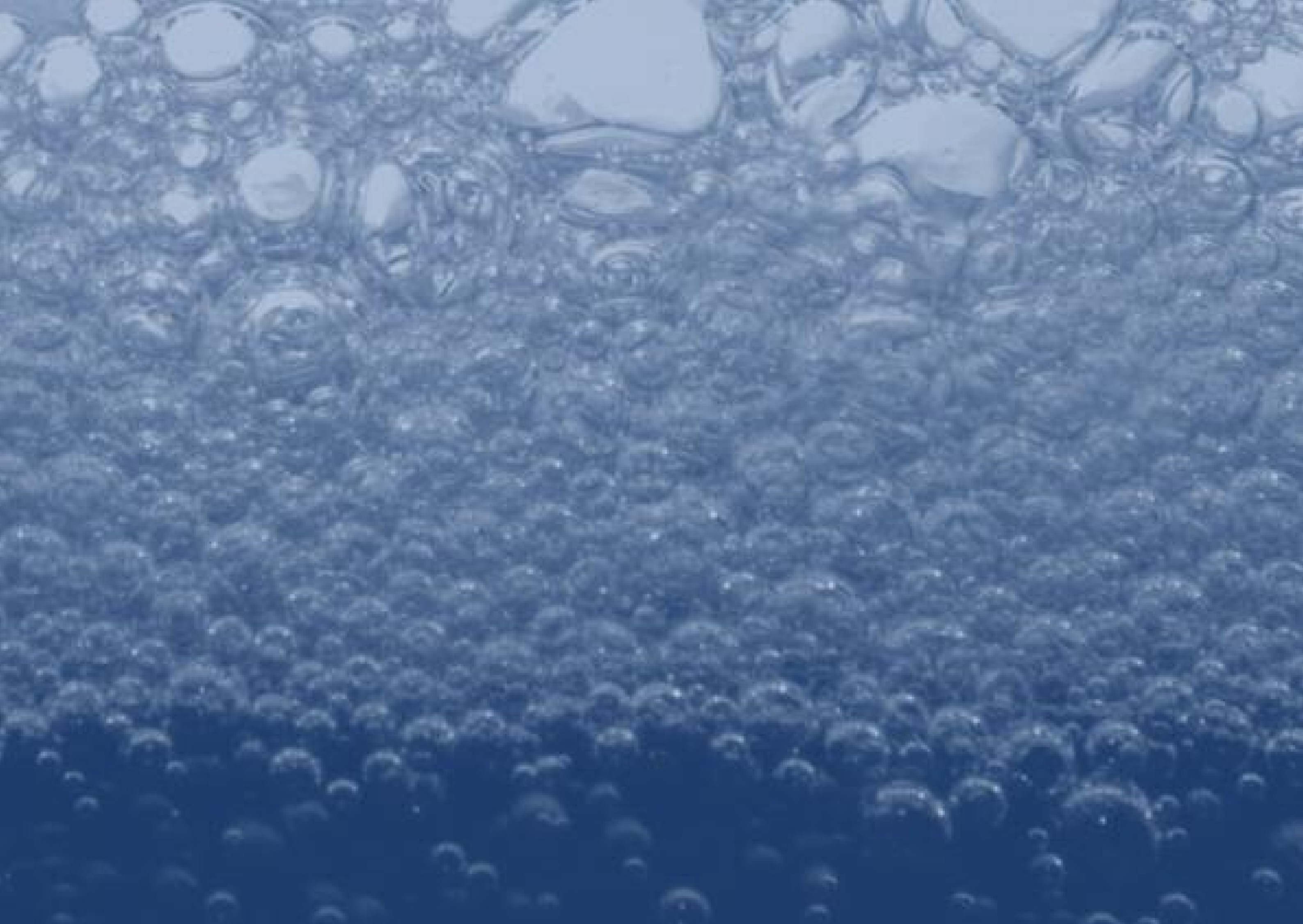
To grow the value of the business in real terms on a sustainable basis. We will achieve this through offering our customers outstanding service and through rigorous attention to the health of the business at all times. By so doing we will seek to enhance the value we create for all our stakeholders.

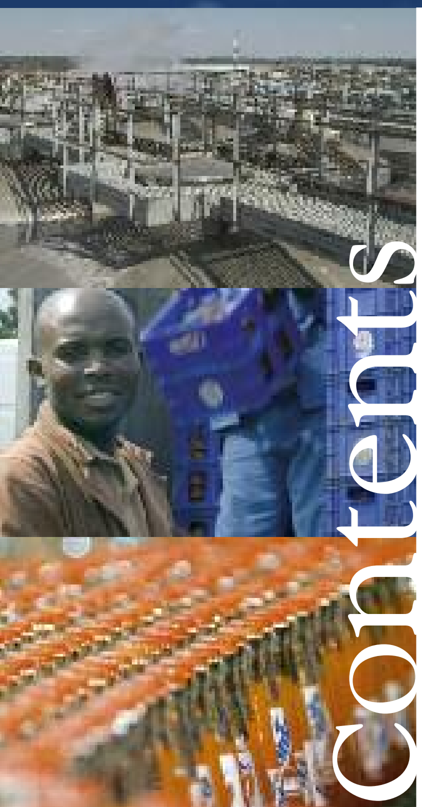
BUSINESS ETHOS

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.”





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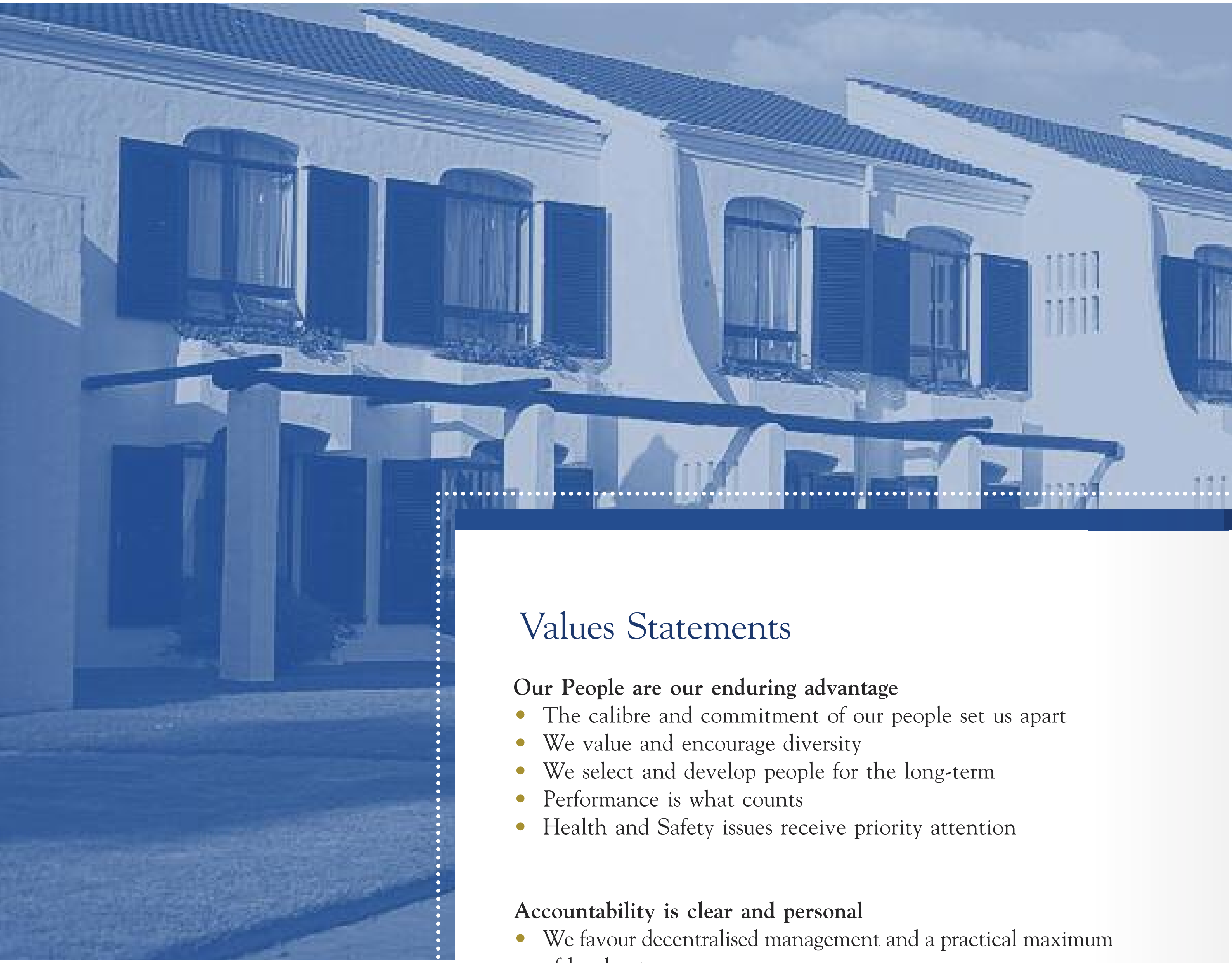

Values Statements

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 decentralised 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

Chairman's Statement

Dr Robbie M Mupawose
CHAIRMAN

INTRODUCTION

The first half of the year was dominated by a dramatic acceleration of inflation due to supply side constraints and increases in money supply. In the four months from October 2008 to January 2009 the acceleration continued and it became increasingly difficult to operate in a currency which depreciated rapidly. At the same time the gap between the cash and bank values for the Zimbabwe Dollars widened to a point where physical cash was worth several hundred million times the value of cash in the bank. In response to this there was a marked increase in unofficial dollarisation and the informal sector, which largely avoids controls, expanded considerably.

With effect from November 2008 licences could be purchased which allowed trading within the country in foreign currency. This was highly regulated and subject to an effective 7,5% tax on gross income. This, together with a requirement for manufacturers to continue to trade in the local currency at controlled prices, made business largely unprofitable for local manufacturers.

At the beginning of February 2009, the country underwent a paradigm shift in economic policy. Price controls were dropped; trading in foreign currencies was permitted and licences to do so were no longer prescribed; the requirement to surrender 7,5% of sales to the Reserve Bank was removed; the use of foreign currency for both personal and business purposes was largely decontrolled; trade in agricultural products was decontrolled. The Zimbabwe Dollar quickly disappeared. Initially prices in foreign currency were inappropriately high and significant inflation was seen in United States Dollar prices; this had, by the end of March 2009 stabilised, prices were coming down and inflation had been tamed. This gave local manufacturers an opportunity to compete with imported products and there has generally been an increase in local production.

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FINANCIAL REPORTING AND AUDIT OPINION

The financial information presented is primarily in Zimbabwe Dollars (Z$). Inflation adjusted information, disclosure of which is required by International Financial Reporting Standards (IFRS), has not been produced because national inflation figures were not available. The level of inflation experienced was so high that accurate measurement of inflation was not possible. Conversion of the income statement to United States Dollars (US$), whilst appearing attractive, can be misleading as it suffers from serious distortions relating to multiple exchange rates and wild changes in exchange rates during the course of a single month. Prior year figures have not been shown as inflation has rendered these too small to reflect a value.

Included in the financial report is a balance sheet in US$. This has been produced using historical cost accounting concepts taking into account the US$ values of original entries; accordingly, asset values have not been based on a valuation by the directors or professional valuers. In the opinion of the directors this balance sheet presents an accurate picture, based on historical US$ values, of the financial position of the Group in US$ as at 31 March 2009 and will form an appropriate accounting base for reporting of results in future periods.

The Z$ financial statements have been presented to meet statutory reporting requirements. They reflect historical Z$ values modified to take to account the restatement of the year end balance sheet to historical US$; this has resulted in an uplift of nominal Z$ values which has been disclosed in the income statement and the statement of movement in shareholders' equity. The uplift in net asset value also gives rise to the substantial deferred tax liability which is disclosed in the balance sheet.

The audit opinion on the financial statements is qualified on the basis that they do not present a true and fair view of the financial status of the Group. The Zimbabwe Accounting Practices Board has provided guidelines on the wording of the qualification of the audit opinion as this will affect the majority of organisations reporting in Zimbabwe. The unique circumstances prevailing in the Zimbabwe economy over the last twelve months have made it impossible to provide meaningful financial reporting in respect of the year and, accordingly, the Directors advise caution on the use of the financial statements for decision making purposes.

VOLUMES AND OPERATIONS REPORT

This year has been a roller coaster of economic policy environments which until the dollarisation in early February 2009, were increasingly hostile to the formal sector of the economy in which this Group operates. Group companies have adapted as necessary in order to survive and to preserve assets and skills, but the overall situation has been one of low volumes and , at best, breakeven profitability.

Demand for our products has generally remained firm, but this has not translated into sales volumes for a number of reasons: there were periods when consumers were unable to draw cash for purchases; at times price controls made sales unviable; and the failure of water and power supplies resulted in lost production. There have been significant levels of imported products in the market filling the supply gap; at their peak, imported beers and carbonated soft drinks accounted for a large share of the market. By the end of March 2009, when some normalcy had returned, this had dropped significantly.

Lager sales in the first half of the financial year were 48% of the previous year; this persisted into the third quarter with the result that the three months into December, which is usually the peak demand period for beverages, had sales which were only marginally higher than those of the normally subdued winter quarter. Sales in the final quarter of the year were 30% up on the traditional peak demand quarter and 82% of those of the previous year. As a result sales for the year have been 54% of last year. Significantly, March sales of lagers represented the highest monthly sales since April 2008. This rising trend has continued into April when sales, whilst by no means back to the levels of a few years ago, were at a level not seen since October and November 2007. Sorghum beer (Chibuku) shows a similar, though slightly better, trend to lagers with sales for the year at 64% to prior year. Sparkling beverages is lagging, the last quarter of the year remained quite soft and sales for the year are 47% of 2008. Sales in April have increased sharply, but off a very low base.

Sales of plastic products had a very soft third quarter and a much improved final quarter to end the year at 64% to prior year. Malt sales for the year were 37% of the tonnage the year before; this poor performance was due to the reduced barley crops in 2007 and 2008 which resulted in reduced exports. Glass production at 55% of last year was marked by lengthy maintenance shutdowns to repair damage to the furnace which resulted in the plant operating at around 25% of capacity despite strong export orders.

SAFETY, HEALTH, ENVIRONMENTAL MANAGEMENT AND COMMUNITY SERVICES

Safety committees have been in place throughout the Company, and the Group Safety, Health and Environment manager ensures adherence to all necessary safety practices. Reporting against internationally accepted key indicators to divisional boards and to the company board of directors ensures accountability at the highest level.

Medical services at a national level deteriorated to a point at which it became extremely difficult for most people to access health care. The Group's provision of health services therefore took on an added importance. These 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.
As the country's economy deteriorated, Delta's social investment programs continued to positively impact the lives of many Zimbabweans. We remained

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focused on all the community service projects to which we had made commitment.

The Schools Assistance program has gone into its twelfth year and it has had profound impact in the various provinces across the country. This project, in which we work closely with our partners, the British Embassy, who provide furniture for the classrooms and The Coca Cola Africa Foundation who have contributed greatly to funding, will see the handing over of classroom blocks to schools in three provinces in the coming year.

We have continued to provide financial support for gifted but disadvantaged children through the Bursaries Scheme at Advanced level in various schools throughout the country. We are proud to announce that one of the beneficiaries recently qualified as a medical doctor and is now practicing within the country, whilst another graduated with a degree in Public Administration and has re-enrolled with the University of Zimbabwe for his Master's degree.

In the Arts and Culture universe, we remained true to our commitment to supporting Festivals such as HIFA, ManicaFest and Intwasa. The well established Jikinya Dance Festival, which is a traditional dance competition for Primary School children, has continued to grow. The Chibuku Neshamwari Dance Festival was held at a smaller scale and Chibuku Road to Fame was deferred to the coming year.

Sporting events that we supported included the long-standing events, namely Eagle Soccer League for young people in the high density suburbs and Danhiko games for the handicapped. We also supported a new sporting event run by the Women's Trust. This is a Netball Tournament aimed at boosting the image of sports for women.

One of the eight Development Goals set by world leaders in 2000 is to halt and begin to reverse the spread of HIV/AIDS. The adoption of the HIV and AIDS Policy has added fresh impetus in the fight against this deadly pandemic. The implementation of Project Step Change has witnessed a major "mind set change" within the business. We believe that the project was a catalyst to behavioural change within the employee population. We have localised access to Anti Retro-Viral Treatment to our clinics for the convenience of our staff members currently on treatment. We have also scaled up access to Voluntary Counselling and testing by inviting on site testing and counselling. The response from the staff has been very encouraging and this is an indicator of reduced stigma and discrimination. Every employee has a right to privacy and in this regard we published the Confidentiality Pledge which assures employees of this right. We will ensure that information relating to an employee's counselling, care and treatment remain strictly confidential.

HUMAN RESOURCES

The business enjoyed stable industrial relations during another difficult year. Hyperinflation becomes extremely difficult to manage at an individual level and during the year it was necessary to engage in increasingly innovative forms of remuneration to ensure that employees received value for their labour and were able to convert that value into the goods and services needed by families. The adoption in February of a stable foreign currency as a medium of exchange meant that the company could begin the process of normalising remuneration packages. This process has started and will continue into the new financial year.

The action taken to stem the skills flight which affects all sectors of the economy have been successful during this year in minimising skills loss. The international recession has reduced somewhat the pressure, on skills, but retention of key skills is of strategic importance to the Group's future performance and this is an area which will continue to receive particular focus.

FUTURE PROSPECTS

The recent major changes to economic policy were vital if the country was to have any prospect of stemming the headlong decline in the economy and they present a real chance for Zimbabwe to move into economic recovery. This recovery will be a slow and painful process, but will lead to an improvement in the well being of the nation as a whole. It is therefore essential that the Government remains steadfast in its commitment to this new way forward and does not allow the prospects of recovery to be scuttled by those who find the transition too painful.

With substantial inflows of international investment, lines of credit and aid it would be possible to achieve GDP growth as high as 10% per annum. Without those enabling funds growth is likely to be in the low single digits. Unlocking those funds can only come from the creation of an enabling environment which is investor friendly. This requires clear and attractive rules for investment, consistent policy positions, simplified regulations, effective administration of justice and protection of property rights.

For the immediate term the business focus will be on ensuring that inputs are correctly priced so that products are priced to compete with imports and beginning the process of recapitalising operations and achieving volume recovery. During the course of the year it is intended that the Group will dispose of non core investments.

APPRECIATION

The last year has been extremely difficult. The acceleration of economic decline during the early part of the year compounded a decade of contraction and pushed many companies into business failure. Accordingly it has been a period in which lofty ambitions have had to be moderated and achievement measured more in terms of survival rather than prosperity. I would like to thank all employees for their strength of purpose and their continued efforts on behalf of the company during this year.

Dr Robbie M Mupawose
Chairman
8 May 2009

THE BEVERAGES BUSINESS

The beverages business was dominated by the deteriorating economy and a fast changing economic policy environment which, until the dollarisation in early February 2009, was increasingly hostile to the formal sector of the economy in which this Group operates. In a year which shows such a variation in the manner in which it was necessary to conduct business it is difficult to gain an understanding of the operations of the company. To assist in this, we will provide a brief review of each quarter, and the manner in which the company needed to adapt.

- **The first quarter to June 2008,** saw a spiral of price increases on all goods and services following policy changes which ushered in what was termed the ‘interbank market’, which in its early stages approximated a market based exchange rate determination. In a period of strict controls this, together with other indicators, enabled manufacturers to justify price applications on the basis of realistic costings. Six price increases were effected in the quarter. However, in mid June 2008, a general directive to freeze prices of all goods and services was issued; and whilst the freeze was not total, the process became much more difficult and price changes were delayed. While producer prices were controlled, costs of inputs continued to rise unchecked following the informal exchange rate market. This called for dramatic action to scale down both production and distribution in order to preserve value.

- **In the second quarter to September 2008** the operating environment continued to deteriorate. This saw, tight enforcement of price controls with a particular emphasis placed on high visibility consumer products such as those produced by the Group. Maximum cash withdrawal limits led to an acute shortage of cash in the hands of consumers. As a consequence, two widely disparate market exchange rates emerged. In effect the value of Z$ cash started to considerably exceed the value of Z$ in the bank. This gave rise to multiple layer pricing, and made operations unprofitable for price controlled entities. Operations scaled down, staff were sent on leave and direct delivery of product ceased. The informal market started to move to foreign currency trading. There was an influx of imported beer and sparkling beverages to fill the gaps in the market. In early September the central

1st quarter

The first quarter to June 2008, saw a spiral of price increases on all goods and services following policy changes which ushered in what was termed the ‘interbank market’, which in its early stages approximated a market based exchange rate determination.

2nd quarter

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bank established a system of licensing of trade within the country in foreign currency. This was tightly controlled in that there remained a legal obligation to sell at controlled Z$ prices allowing huge arbitrage opportunities for those willing to ignore the law. Sales in foreign currency were subject to a 7,5% tax on gross takings making them largely uncompetitive against informal imports.

- **The third quarter to December 2008.** The stop/start nature of operations experienced in the second quarter maintained well into the third quarter as the company transitioned from cheque/electronic payments to cash/barter only and finally to full US$ sales across all product categories. By early December the company operated through 20 licensed foreign currency sites. The Z$ cash limits and our insistence on cash trading during this period had a considerable dampening effect on the company's October and November volumes. Reduced product availability in the market created gaps that further offered inroads for competitor products in both the lager and Sparkling Beverages categories.

The ever increasing proportion of business transacted in USD placed the business on a firmer footing to run a viable business delivering profitable sales. As a consequence the operations stepped up. Direct distribution was resuscitated as capacity to procure fuel improved thus creating a strong foothold for our affordable returnable packaging. Work was done with customers to charge our competitive recommended retail prices through the creation and publicising of compliant anchor outlets. We re-launched our lager and Sparkling Beverages Brands in 330ml cans. Importation began of SABMiller international brands namely Peroni, Miller Genuine Draught and Redds to fill a need that had opened in the market. Similarly we imported finished Sparkling Beverage mixers and core brand variants.

- **The fourth quarter to March 2009** was characterised by a continued and concerted push to recover volumes and market share. These two interrelated objectives were met to some degree with average lager beer market share recording strong gains in the top 20 monitored outlets in key centres. Product shortages persisted in the market. These arose from a combination of raw material supply chain, and utilities and plant performance constraints. To mitigate this, importation of finished product from associate brewers in South Africa and Botswana was instituted.

Introduction of a foreign currency duty regime dramatically reduced the incidence of competing imported beer whilst our ability to source from the foreign brewer, with associated certificates of origin, conferred a favourable duty structure on our imports of finished product.

Given the weak working capital base of key customers credit terms were reintroduced on a tiered basis offering the best terms to credit worthy customers complying with recommended pricing and actively participating in the return leg of our container pool. A lager national promotion designed to push product into the trade was launched in the quarter.

3rd quarter

The third quarter to December 2008. The stop/start nature of operations experienced in the second quarter maintained well into the third quarter as the company transitioned from cheque/electronic payments to cash/barter only and finally to full US$ sales across all product categories.

4th quarter

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LAGER BEER BUSINESS

Demand remains strong and plant performance is the primary determinant of volumes. Having re-engaged our equipment suppliers, acquisition of spares and planning for major overhauls in both lager breweries Belmont and Southerton is well underway.

LAGER BEER

- Total Lager volumes for the year to 31 March 2009 were down 46% against prior year.
- Eagle Lager volume share at 12% is holding firm being the affordable brand in the portfolio.
- Demand remains strong and plant performance is the primary determinant of volumes. Having re-engaged our equipment suppliers, acquisition of spares and planning for major overhauls in both lager breweries Belmont and Southerton is well underway.

- A new state of the art bottling line will be commissioned by 30 September 2009. This will dramatically increase our capacity and ability to fully service the market.
- A noticeable increase in the number of skilled artisans back on the market will bode well for stable operations going forward.

TRADITIONAL BEER BUSINESS

- Volumes for the year to 31 March 2009 were 36% below prior year.
- Having scaled down operations during the latter half of the second quarter and well into the third quarter sales performance recovered strongly in the fourth quarter due to improved availability of packaging material and the ability to import maize.
- We continue to make inroads in the key competitor territories in the south and centre of the country with share of these markets in excess of 85%.
- A considerable volume upside still exists as we expect a better harvest compared to prior year. In anticipation of this improved consumer spend door to door distribution is being extended. A promotion to capitalise on the spend is targeted for the July/August 2009 period.
- Plant and equipment were stable over the period although erratic utilities supplies continue to disrupt smooth operations.

TRADITIONAL BEER BUSINESS

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SPARKLING BEVERAGES BUSINESS

Competitor activity was equally stiff in the Sparkling Beverages category with 50/50 share in top 20 competitor outlets. Unlike lager beer the bulk of the imported product constituted "friendly" competition being largely products of the Coca-Cola Company and primarily in 330ml cans and limited PET value packs.

SPARKLING BEVERAGES BUSINESS

- Volumes for the year to 31 March 2009 were 53% below prior year.
- Plant performance has been relatively stable but supply chain issues, principally sugar and carbon dioxide availability, negatively impacted on plant throughput. A plan to import sugar will alleviate this problem in the short term.
- Competitor activity was equally stiff in the Sparkling Beverages category with 50/50 share in top 20 competitor outlets. Unlike lager beer the bulk of the imported product constituted "friendly" competition being largely products of the Coca-Cola Company and primarily in 330ml cans and limited PET value packs.
- Plans are underway to re-introduce the Sparletta range and phase out the value brands.
- Groundwork for the World Cup 2010 promotional activities is underway.

DISTRIBUTION & TRANSPORT SERVICES

- Kilometres travelled for the year were 34% below prior year. This is reflection of the need to curtail distribution in response to the price reversals and price freezes during the year.
- Rail freighting has been successfully implemented and this made a very material difference in our ability to freight product in the face of high fuel prices.
- Initiatives to utilise idle fleet released from operations, although constrained by fuel availability, contributed positively at the margin. Efforts in this division were directed at securing hard currency with a number of contracts implemented with UNICEF and World Food Programme.
- Cross border operations into Tanzania and Zambia supporting the plastic division's export shipments were also undertaken.
- Management is currently engaged in rationalising and resuscitating the fleet following several months of idle time.

DISTRIBUTION & TRANSPORT SERVICES

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MEGAPAK ZIMBABWE

Volumes for the year were 36% below prior year. For most of the year, difficulties were experienced with the shortage of hard currency for the importation of strategic raw material inputs and machine spares. Price controls over carbonated beverages, cordials and edible oils also contributed to the general decline in demand for packaging products. The discontinuation of price controls and the adoption of the official use of the US$ and other hard currencies by government at the start of the fourth quarter heralded the onset of serious competition from imported packaged substitutes.

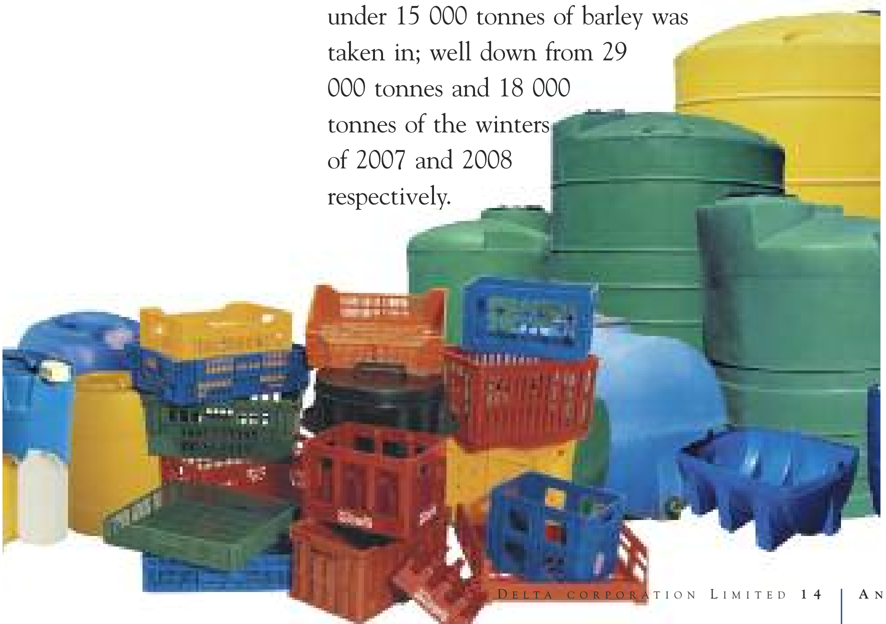
The demand for beverage crates on a tolling arrangement for the Zambian market remained buoyant and satisfactory sales were achieved.

The demand for beverage crates on a tolling arrangement for the Zambian market remained buoyant and satisfactory sales were achieved.

The unfortunate cholera epidemic that hit the country stimulated demand for water storage tanks to unprecedented levels; a trend that is expected to continue.

MALTINGS BUSINESS

Last winter season's irrigated barley crop harvested in the September to November 2008 period was well below expectations. This was because of problems associated with power load shedding which affected irrigation cycles, poor availability of key agricultural inputs and a general decline in essential crop husbandry skills in the agricultural community. This resulted in severely depressed yields. As a result, of the 7 200 hectares sown, only about 5 700 hectares were nurtured to harvest and a crop of a little under 15 000 tonnes of barley was taken in; well down from 29 000 tonnes and 18 000 tonnes of the winters of 2007 and 2008 respectively.




Wear Gloves

This crop was adequate to meet domestic lager beer production requirements but no malted barley exports could be undertaken into traditional regional export markets.

Barley varietal research works continues to yield satisfactory results with the introduction of a new variety, Sierra, into its first year of commercial production. Three other new varieties are in the pipeline at the field trial stage and pilot malting trials for these will be undertaken in 2010.
A sorghum malting trial project was undertaken and successfully concluded. As a result of this exercise, all sorghum malt requirements for local sorghum beer production from the second quarter onwards are now being produced in-house.

ARISTON HOLDINGS

Labour shortages and electricity problems at the estates continued to negatively affect operations. Tea volumes were 92% of prior year. Tea prices however remained firm on the international markets.

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The macadamia nut crop was up some 300%, though international prices have been soft. Local value addition on macadamia nuts continues so as to improve margins.

Livestock has been maintained but cattle prices have been severely affected by the liquidity constraints in the economy. Chicken production was suspended on account of stock feed shortages and uneconomic input costs.

Fruit and flower volumes were below last year with the production of roses discontinued in response to the low prices on the international markets. Market gardening operations continue but overall volumes at the retail division FAVCO, declined across all product lines.

The dollarisation of the economy will need to be met with increased focus on productivity and capacity utilisation.

HEADEND

Sales were constrained by poor plant availability in an environment where both domestic and export demand remained firm. The glass furnace suffered a serious breakdown in June 2008 when molten glass breached through a section of the furnace which had been weakened mainly by the unstable electrical power supply. After a lengthy rehabilitation program, the furnace was re-commissioned in early December 2008. Challenges with the unstable power situation continue to impact on the productivity of this factory.

Sales were 45% below prior year, a performance that was driven largely by poor plant availabililty. Demand into the future remains strong.

Report of the Directors

The Directors present their Sixty-Second Annual Report and the Audited Financial Statements of the Group for the year ended 31 March 2009.

YEAR'S RESULTS

The year's results are presented in Zimbabwe Dollars but comprise ten months of trading in varied denominations and values of the Zimbabwe Dollar and two months of trading in stable currencies, primarily the United States Dollar. The Directors concur with the Auditors' opinion that the Zimbabwe Dollar results do not present a true and fair view of the financial performance of the Group during the year. As more fully described elsewhere in this Annual Report, the unique circumstances prevailing in the Zimbabwe economy over the last twelve months have made it impossible to provide meaningful financial reporting in respect of the year, and accordingly, the Directors advise caution on the use of the financial statements for decision making purposes.

	Z$
Earnings attributable to Shareholders	1 778 324 229
Gain arising from US$ uplift of assets	15 744 516 214
Foreign currency translation adjustment	(199 918 443)
	17 322 922 000
Distributable Reserves at the beginning of the year	–
Distributable Reserves at the end of the year	17 322 922 000

PROPERTY, PLANT & EQUIPMENT

Capital expenditure for the year to 31 March 2009 totalled US$1,1 million. The capital expenditure for the year to 31 March 2010 is planned at US$29,8 million.

INVESTMENTS

The Company's effective shareholding in African Distillers Limited is 29,8%, that in Ariston Holdings Limited was at 40,3%

SHARE CAPITAL

The authorised share capital of the Company remains unchanged at 1 400 000 000 ordinary share of 5 cents each (of original Zimbabwe Dollars prior to August 2006, since then 25 digits have been removed). The issued share capital has increased by the allotment of 10 697 600 ordinary shares in accordance with the share option schemes and 20 000 000 ordinary shares to the Employee Trust, whilst 13 485 429 ordinary shares where allotted to SABMiller our major Shareholder in consideration for the injection of working capital into the Company. The ordinary shares in issue now total 1 092 694 729.

The share capital has been restated in United States dollars to $17 227 369 inclusive of share premium. The Company awaits regulatory guidelines on the restatement of nominal share prices to the new currency. The number of shares currently under option is 92 625 000.

The Company has a commitment to issue approximately 40 000 000 ordinary shares to SABMiller as consideration for plant that is currently on order.

RESERVES

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

DIRECTORS

There were no changes to the Board since the last Annual General Meeting.

Dr R M Mupawose together with Messrs M E Kahari, J S Mutizwa, T N Sibanda and G J van den Houten 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-Second Annual General Meeting of the Company will be held at 12:00 hours on Friday 24 July 2009 at the Registered Office of the Company.

BY ORDER OF THE BOARD

Dr R M Mupawose Chairman	**J S Mutizwa** Chief Executive	**A Makamure** Company Secretary

8 May 2009

Corporate Governance at Delta

THE DELTA CODE

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

STAKEHOLDERS

For many years Delta has formalised its stakeholder philosophy and introduced structures of corporate governance to manage the interface with the various stakeholder groups. Delta has in place throughout the Company, responsive systems of governance and practice which the Board and management regard as entirely appropriate and in accordance with the code of Corporate Practices and Conduct contained in the Cadbury and King Reports on Corporate Governance.

Delta applies various participative practices in its relationships with non-management employees, primarily in respect of operating matters and plans, on the basis of mutual information sharing.

DIRECTORATE

The Board of Directors of Delta is constituted with an equitable ratio of executive to non-executive directors and meets at least quarterly. A non-executive director chairs the Delta Board.

DIRECTORS' INTERESTS

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

THE AUDIT COMMITTEE

The Audit Committee of the Board deals, inter alia, with compliance, internal control and risk management. It is regulated by specific terms of reference, is chaired by a non-executive director, has a majority of non-executive directors and incorporates the Chief Executive Officer as the only executive member. It meets at least twice a year with the Company's external auditors to discuss accounting, auditing, internal control, financial reporting and risk management matters. The external auditors have unrestricted access to the Audit Committee.

THE REMUNERATION COMMITTEE

Delta's Remuneration Committee is constituted and chaired by non-executive directors, save for the membership of the Chief Executive Officer. It acts in accordance with the Board's written terms of reference, to review the remuneration of all Delta directors and senior executives.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

The focus of risk management in Delta is on identifying, assessing, managing and monitoring all known forms of risk across the Company. An appropriate risk analysis framework is used to identify the major risks which the Company must manage in serving its stakeholders.

The environment in which the Company operates is subject to such levels of change that regular reassessment of risk is necessary to protect the Company. In view of this, each part of the business has developed detailed contingency action plans to minimise the lead-time necessary to adapt to changes in circumstances. These plans are then updated whenever a change is noted or anticipated.

The management of risk and loss control is decentralised, but 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.

Directors' Responsibility for Financial Reporting

Delta's directors are required by the Companies Act to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed, 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 20. However, as more fully described elsewhere in this annual report, the unique circumstances prevailing in the Zimbabwe economy over the last twelve months have made it impossible to provide meaningful financial reporting in respect of the year and, accordingly, the Directors advise caution on the use of the financial statements for decision making purposes.

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 March 2010. 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 22.

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 2009, which appear on pages 24 to 52 were approved by the Board of Directors on 8 May 2009 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 financial statements of Delta Corporation Limited, set out on pages 24 to 52, which comprise the balance sheet as at 31 March 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

The USD supplementary balance sheet is also included as part of the financial statements but is not covered by this report.

Director's Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the provisions of the Zimbabwe Companies Act (Chapter 24:03). 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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.

Deloitte.

Basis of adverse opinion on compliance with International Financial Reporting Standards

The Zimbabwe economy is recognised as being hyperinflationary for purposes of financial reporting. These financial statements have not been prepared in conformity with International Accounting Standards in that the requirements of IAS 29, (Financial Reporting in Hyperinflationary Economies) have not been complied with. The Standard requires that financial statements that report in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the balance sheet date.

The non-compliance with IAS 29 arises from the inability to reliably measure inflation due to the interaction of multiple economic factors which are pervasive to the Zimbabwean economic environment as explained in Note 2.2.

Adverse opinion on non-compliance with International Financial Reporting Standards

In our opinion, because of the significance of the matters described in the Basis of Adverse Opinion paragraph, the financial statements do not give a true and fair view of the financial position of Delta Corporation Limited as at 31 March 2009, and of the results of its operations and cashflows for the year then ended in accordance with International Financial Reporting Standards.

Report on legal and regulatory requirements

These financial statements have been properly prepared in accordance with the accounting policies set out in Note 3, and comply with the disclosure requirements of the Companies Act (Chapter 24:03).

Emphasis of matter

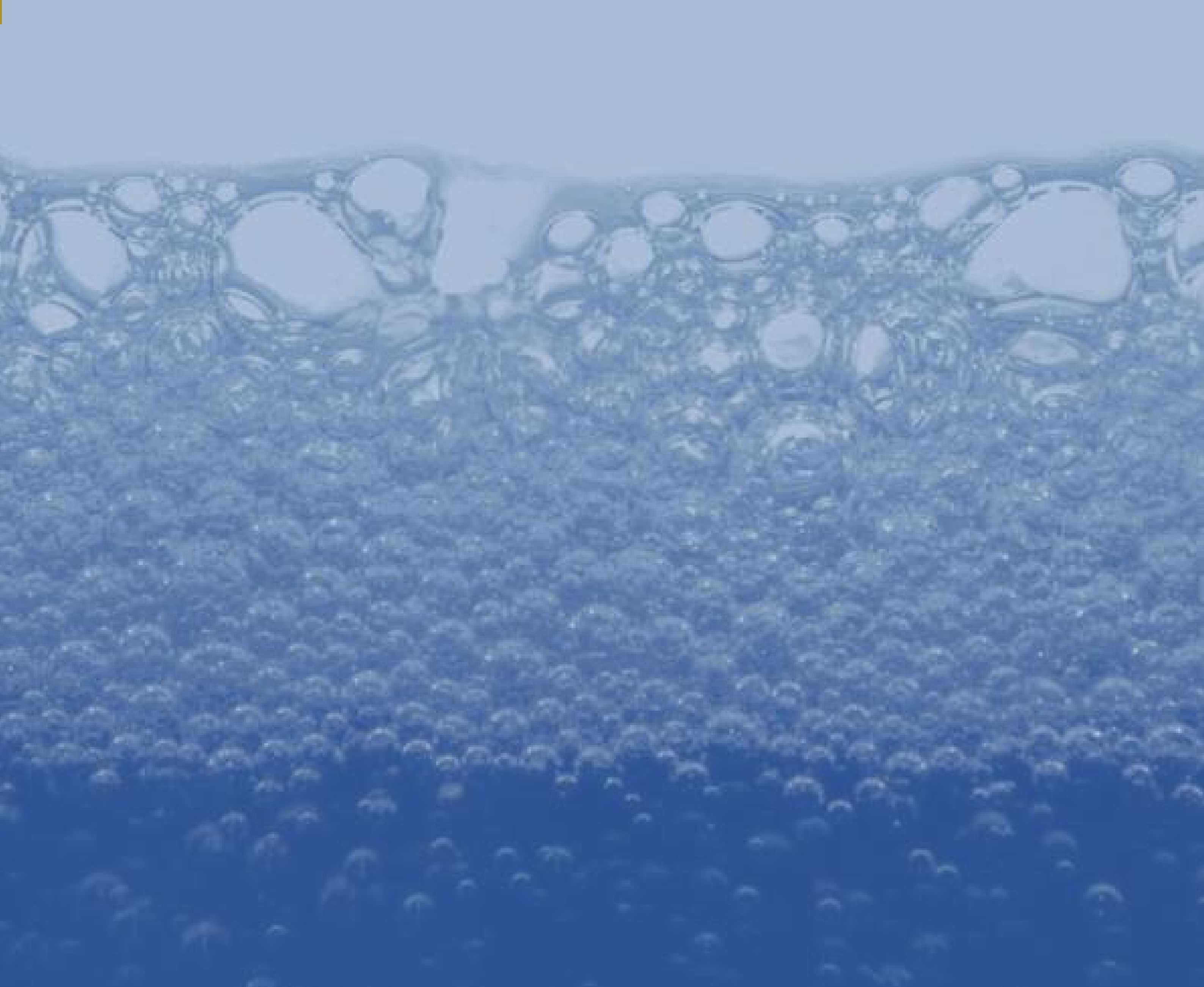
Without further qualifying our opinion, we draw your attention to the following:

Fair value determination for transactions, assets and liabilities

The determination of fair values presented in the financial statements is affected by the prevailing economic environment and may therefore be distorted. This may result in significant variations in fair values, depending on factors and assumptions used in the determination of the fair values. The significant assumptions and the estimation uncertainties pertaining to items that are carried at fair value have been disclosed in Note 3.17 to these financial statements.

Deloitte & Touche

Deloitte & Touche
Harare
18 June 2009



FINANCIAL STATEMENTS

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

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Group Balance Sheet

AS AT 31 MARCH
(UNITED STATES DOLLARS)

	HISTORICAL
	2009 US$
ASSETS	
Non-Current Assets	
Property, plant and equipment	110 975 313
Biological assets	5 928 556
Investments in associates	2 528 241
Investments and other long-term assets	2 998 502
	122 430 612
Current Assets	
Inventories	42 720 561
Trade and other receivables	7 773 026
Short-term loans	22 462
Bank balances and cash	2 863 906
	53 379 955
Total Assets	175 810 567
EQUITY AND LIABILITIES	
Capital and Reserves	
Issued capital	17 227 369
Share options reserve	1 123 224
Retained earnings	86 614 610
Equity attributed to equity holders of the parent	104 965 203
Minority interest	13 455 223
Shareholders' equity	118 420 426
Non-Current Liabilities	
Deferred taxation	37 262 539
	37 262 539
Current Liabilities	
Short-term borrowings	472 280
Interest free liabilities	19 655 322
	20 127 602
Total Equity and Liabilities	175 810 567
Net asset value per share (US$)	0,10

Group Income Statement

FOR THE YEAR ENDED 31 MARCH
(ZIMBABWE DOLLARS)

	Notes	HISTORICAL 2009 Z$
GROSS REVENUE	7	3 276 330 774
Gain on net asset uplift		1 970 744 876
Biological assets and livestock fair value adjustment		(93 610 575)
NET OPERATING COSTS	8	(3 176 953 414)
OPERATING INCOME		1 976 511 661
Net financing expense	9	(1 804 985)
Equity accounted earnings		3 863 550
		1 978 570 226
Taxation	10	(201 146 298)
INCOME AFTER TAXATION		1 777 423 928
Attributable to:		
Equity holders of the parent company		1 778 324 229
Minority interest		(900 301)
		1 777 423 928
EARNINGS PER SHARE (DOLLARS)		
– attributable and headline earnings basis	4.6	1,66
– fully diluted basis		1,55
– cash equivalent earnings basis	4.7	0,36

Group Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH
(ZIMBABWE DOLLARS)

	Notes	HISTORICAL 2009 Z$
Cash retained from operating activities		
Cash generated from trading	11.1	407 618 366
Utilised to increase working capital	11.2	(621 967 466)
Cash utilised in operating activities		(214 349 100)
Net financing expense		(1 804 985)
Tax paid	11.3	(201 146 298)
Net cash utilised		(417 300 383)
Cash utilised in investment activities		
Investment to maintain operations		
Replacement of property, plant and equipment		(79 072 683)
Net cash invested		(79 072 683)
Cash generated from financing activities		
Increase in shareholder funding	11.4	800 000 000
Net cash generated from financing activities		800 000 000
Net movement in cash and cash equivalents		303 626 934
Effects of exchange rate changes on the balance of cash held in foreign currency		174 698 266
Cash and cash equivalent at the beginning of the year		–
Cash and cash equivalent at the end of the year	11.5	478 325 200
Cash flow per share (dollars)	4.8	(0,44)

Group Cash Value Added Statement

FOR THE YEAR ENDED 31 MARCH
(ZIMBABWE DOLLARS)

	HISTORICAL 2009 Z$
CASH GENERATED	
Cash derived from sales	4 081 634 165
Cash payments to suppliers of materials, facilities & services	(3 033 757 089)
Cash value added	1 047 877 076
Cash utilised to:	
Remunerate employees for their services	651 982 385
Pay income, sales and excise taxes to Government	636 691 823
Pay lenders as a return on monies borrowed	1 804 985
CASH DISBURSED AMONG STAKEHOLDERS	1 290 479 193
NET CASH UTILISED	(242 602 117)

Group Balance Sheet

AS AT 31 MARCH
(ZIMBABWE DOLLARS)

		HISTORICAL
	Notes	2009 Z$
ASSETS		
Non-Current Assets		
Property, plant and equipment	12	22 195 062 600
Biological assets	13	1 185 711 200
Investments in associates	14	505 648 200
Investments and other long-term assets	15	599 700 400
		24 486 122 400
Current Assets		
Inventories	16	8 544 112 200
Trade and other receivables	17	1 554 605 200
Short-term loans		4 492 400
Bank balances and cash		572 781 200
		10 675 991 000
Total Assets		35 162 113 400
EQUITY AND LIABILITIES		
Capital and Reserves		
Issued capital	18	3 445 473 800
Share options reserve	19	224 644 800
Retained earnings	20	17 322 922 000
Equity attributable to equity holders of the parent		20 993 040 600
Minority interest	21	2 691 044 600
Total Equity		23 684 085 200
Non-Current Liabilities		
Deferred tax liabilities	10	7 452 507 800
		7 452 507 800
Current Liabilities		
Borrowings	22	94 456 000
Trade and other payables	23	3 931 064 400
		4 025 520 400
Total Equity and Liabilities		35 162 113 400

Group Statement of Changes in Total Equity

FOR THE YEAR ENDED 31 MARCH
(ZIMBABWE DOLLARS)

		HISTORICAL
	Notes	2009 Z$
Total equity at the beginning of the year		–
Share capital issued – parent	18	800 000 000
Recognition of share based payments	19	198 480 000
Earnings attributable to shareholders of the parent		1 778 324 229
Gain on net asset uplift		18 416 154 814
Foreign currency translation		(199 918 443)
Earnings attributable to minority shareholders		(900 301)
Minority share of gain on net asset uplift		2 691 944 901
Total equity at the end of the year		23 684 085 200

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 consistent with those applied in the previous year.

2. MATTERS OF EMPHASIS IN RESPECT OF REPORTING

2.1 CURRENCY OF REPORTING

The financial statements are shown primarily in Zimbabwe Dollars (Z$). A balance sheet and certain of the notes reflect values in United States Dollars (US$) these have been clearly marked as such.

Both currencies have been in use during the year, with the majority of transactions for the majority of the period being in Z$.

The Zimbabwe currency was restated on 1 August 2008 by dividing all amounts by 10 000 000 000 and on 1 February 2009 by dividing all amounts by 1 000 000 000 000. In total twenty-two digits were removed during the year. The Z$ shown in these financial statements have been restated in accordance with these changes.

Comparative figures have not been disclosed as the restatement of the Z$ to take into account inflation during the year has rendered all historical Z$ figures in respect of the prior year too small to report.

2.2 INFLATION INDICES

Inflation indices have not been published since July 2008. Subsequent estimates by economists reflect a wide range of potential outcomes Official inflation indices, when available, were only available at month-end. Therefore, the use of assumptions to determine inflation in the intervening periods renders the information presented susceptible to estimation errors.

In these circumstances, inflation adjusted financial statements have not been prepared as required by the International Financial Reporting Standard (IAS 29): "Financial Reporting in Hyperinflationary Economies" as such financial statements are considered inherently unreliable.

2.3 US$ BALANCE SHEET

With effect from 1 February 2009 the country adopted the use of multiple currencies in commercial transactions. The Z$ remained the official currency of the country. From that date the Group adopted the US$ as its operating currency and all financial information was converted into US$. All assets, liability and equity amounts in the US$ balance sheet have been recorded based on originating US$ values or on a conversion of the original Z$ using the market exchange rates applicable to the transaction at the time. IFRS principles have been used in determining the carrying values of all assets and liabilities on a historical cost basis.

This represents a change in the functional currency as at the end of the year in respect of the balance sheet and will form the base point for future reporting.

2.4 TAXATION AND DEFERRED TAXATION

The transition from the use of a hyperinflationary Z$ to multiple currency trading has given rise to uncertainty as to the basis of taxation for certain transactions and there is difficulty in determining tax values of assets and liabilities. Legislation and Departmental Practices in respect of taxation are incomplete. Accordingly, the

2.4 TAXATION AND DEFERRED TAXATION *continued*

liabilities for deferred tax and for income taxes have been determined based on best available information and could change as a result of subsequent changes to legislation.

For the purposes of the Group's current tax liability position, management have determined two trading periods, one in Z$ and the other in US$ based on the predominant trading currency for each of the periods. Taxable income has been calculated for each period in the applicable currency. It is important to note that a number of issues are still in the process of being clarified by the Tax Department. It is not possible given the current framework to determine a final position on the tax balances.

In determining the deferred tax arising as at year-end Management have assumed that the income tax values as at year-end are nil. This is in line with the position of the Tax Department which has indicated that the tax values should be converted to US$ at a rate which would result in negligible values. This position could be changed by subsequent legislation.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 STATEMENT OF COMPLIANCE

The financial statements have not been prepared in accordance with International Financial Reporting Standards (IFRS) in that the absence of inflation indices has made it impossible to produce inflation adjusted financial statements in compliance with the requirements of IAS 29: "Financial Reporting in Hyperinflationary Economies".

3.2 BASIS OF PRESENTATION

The financial statements of the Company and of the Group are prepared under the historical cost convention modified to take into account the restatement at year-end of the net assets of the Group into historical US$. The Z$ balance sheet is a translation at closing rate of the US$ balance sheet. This has resulted in an uplift of nominal Z$ values which has been disclosed in the income statement and the statement of movement in shareholders' equity.

3.3 INFLATION ADJUSTMENT

IAS29 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. It has not been possible to produce inflation adjusted financial statements for the reasons indicated in Note 2.2.

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.

3.4 BASIS OF CONSOLIDATION *continued*

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

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

3.5 INVESTMENTS IN ASSOCIATES

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

3.6 GOODWILL

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

3.7 FOREIGN CURRENCY TRANSACTIONS AND BALANCES

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

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.

3.8 BORROWING COSTS *continued*

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or losses in the period in which they are incurred.

3.9 PROPERTY, PLANT AND EQUIPMENT

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

Depreciation is not provided on freehold land and capital projects under development.

Other assets are depreciated on such bases as are deemed appropriate to reduce book amounts to estimated residual values over their useful lives, as follows:-

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

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

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

3.10 BIOLOGICAL ASSETS

Biological assets include tea, coffee, macadamia nuts, pome and stone fruit and roses. Biological assets are reflected at fair value, and changes to fair value are included in operating 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 an average weighted cost 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. 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. 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 other years 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 nor 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.

3.15 TAXATION *continued*

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 affects 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 uncertainty 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 25.

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 US$ converted original cost.

3.17 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *continued*

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 the interbank exchange rate as opposed to the official exchange 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 = Z$200.

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 1 068 801 452: (2008 – 1 045 208 538). Fully diluted earnings per share is disclosed on the income statement. Dilution arising in respect of share options granted amounts to 7,12% and 4,64% for 2009 and 2008 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:

4.7 CASH EQUIVALENT EARNINGS BASIS *continued*

	HISTORICAL 2009 Z$
Earnings attributable to shareholders	1 778 324 229
Adjusted for	
Non-cash items	(1 394 195 707)
Equity accounted retained earnings	(3 863 550)
Add: minority share of adjustments	708 145
Cash equivalent earnings	380 973 117

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. SEGMENT 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

	HISTORICAL 2009 Z$
Sales proceeds	3 380 247 927
Excise and levies	297 390 853
Value added tax	339 300 970
Other	64 694 415
	4 081 634 165
Less: intra-group sales	(805 303 391)
	3 276 330 774
Export sales included above	27 246 187

Notes to the Financial Statements continued

		HISTORICAL 2009 Z$
8.	**OPERATING INCOME**	
	Operating income is arrived at after charging/(crediting):-	
8.1	**NET OPERATING COSTS**	
	Sundry operating income	(20 232 248)
	Changes in inventories of finished goods and work in progress	273 566 878
	Raw materials and consumables used	1 019 531 673
	Depreciation expense (Note 8.2)	201 485 375
	Staff costs	293 945 305
	Retrenchment costs	361 197 800
	Excise, levies and value added tax	636 691 823
	Share option expenses	198 480 000
	Other operating expenses	212 286 808
		3 176 953 414
8.2	**DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT**	
	Buildings	54 552 510
	Plant, equipment and vehicles	146 932 865
		201 485 375
8.3	**AUDITORS' REMUNERATION**	
	Current year audit fees and expenses	90 000 000
		90 000 000
8.4	**NET LEASING EXPENSE**	
	Lease payments	58 991 470
9.	**NET FINANCING EXPENSE**	
	Interest income:	
	– Short-term loans and investments	324 207
	Interest expenditure:- Short-term borrowings	(2 129 192)
		(1 804 985)

	HISTORICAL 2009 Z$
10. TAXATION	
10.1 TAXATION CHARGE	
Income tax:	
Holding company and subsidiaries	
Current – standard	195 287 668
– AIDS levy	5 858 630
Deferred taxation	–
	201 146 298
10.2 RECONCILIATION OF RATE OF TAXATION – %	
Standard rate	30,90
Adjusted for:	
Effect of expenses not deductible for tax	11,57
Effect of income not taxable	(1,46)
Effect of associate income	(0,06)
Effect of gain of asset uplift not taxable	(30,78)
Effective rate	10,17
10.3 DEFERRED TAX LIABILITIES	
Balance at beginning of year	–
Effect of uplift of net asset	7 452 507 800
Balance at end of year	7 452 507 800
Analysis of balance at end of year	
Property plant and equipment	6 858 274 229
Biological assets	366 384 769
Inventories	227 848 802
	7 452 507 800

	HISTORICAL 2009 Z$
11. CASH FLOW INFORMATION	
11.1 CASH GENERATED FROM TRADING	
Operating income	1 976 511 661
Net gain on asset uplift	(1 970 744 876)
Depreciation	201 485 375
Biological assets fair value adjustment	93 610 575
Other non cash items	106 755 631
	407 618 366
11.2 UTILISED TO (INCREASE)/DECREASE WORKING CAPITAL	
Increase in inventories	(8 544 112 200)
Increase in debtors and short-term loans	(1 559 097 600)
Increase in creditors	3 931 064 400
Gain on net asset uplift	5 550 177 934
	(621 967 466)
11.3 TAXATION PAID	
Liability at beginning of year	–
Taxation provided (see Note 10.1)	(201 146 298)
Liability at end of year	–
	(201 146 298)
11.4 INCREASE IN SHAREHOLDER FUNDING	
Proceeds of shares issued:	
By the Company	800 000 000
By subsidiaries to minority shareholders	–
	800 000 000
11.5 CASH AND CASH EQUIVALENTS	
Made up as follows:	
Bank balances and cash	572 781 200
Short-term borrowings	(94 456 000)
	478 325 200

12. PROPERTY, PLANT AND EQUIPMENT

	HISTORICAL 2009 Z$
FREEHOLD PROPERTIES	
Cost	22 901 236 505
Accummulated depreciation	(7 179 428 858)
	15 721 807 647
LEASEHOLD PROPERTIES	
Cost	185 639 676
Accummulated depreciation	(968 379)
	184 671 297
PLANT AND EQUIPMENT	
Cost	26 963 250 664
Capital work in progress	15 112 057
	26 978 362 721
Accummulated depreciation	(23 316 214 918)
	3 662 147 803
VEHICLES	
Cost	8 917 389 484
Accummulated depreciation	(6 290 953 631)
	2 626 435 853
Total property, plant and equipment	22 195 062 600
Movement in net book amount for the year:	
At beginning of the year	–
Fixed Asset uplift	22 317 475 292
Capital expenditure	79 072 683
Depreciation charged to operating income	(201 485 375)
At end of the year	22 195 062 600
Capital expenditure comprised:	
Freehold properties	10 000 380
Plant and equipment	40 679 925
Vehicles	28 392 378
	79 072 683
Uplifted cost of fully depreciated assets still in use:	
Freehold and leasehold properties	–
Plant and equipment	1 166 124 649
Vehicles	133 854 600
	1 299 979 249

Notes to the Financial Statements continued

	HISTORICAL 2009 Z$
13. BIOLOGICAL ASSETS – PLANTATIONS	
Carrying amount at beginning of year	–
Additions at cost	–
Asset uplift	1 185 711 200
Carrying amount at end of year	1 185 711 200
14. INVESTMENTS IN ASSOCIATES	
Shares at cost	–
Post acquisition distributable reserves	505 648 200
	505 648 200
15. INVESTMENTS AND OTHER LONG-TERM ASSETS	
15.1 INVESTMENTS	
Quoted shares at cost	–
15.2 LOANS	
Secured	16 936 800
15.3 TRADEMARKS	
At cost	582 763 600
Total	599 700 400

15.4 Included in the Group's secured loans of $16 936 800 are loans of $8 294 400 to Directors and Officers of the Group. These are made in terms of a Group Housing Loan Scheme. During the year $8 294 400 was advanced.

	HISTORICAL 2009 Z$
16. INVENTORIES	
Consumable stores	1 876 313 451
Containers	2 847 985 808
Finished products	637 551 276
Raw materials	2 892 739 921
Products in process	289 521 744
	8 544 112 200

17. TRADE AND OTHER RECEIVABLES

	HISTORICAL 2009 Z$
Trade receivables	910 320 649
Prepaid expenses and other receivables	644 284 551
	1 554 605 200

18. ISSUED CAPITAL

18.1 AUTHORISED SHARE CAPITAL

Authorised share captial comprises of 1 400 000 000 ordinary shares of nil value. The authorised share capital has not changed during the year.

18.2 ORDINARY SHARES ISSUED AND FULLY PAID

	2009 Number of shares m's	2008 Number of shares m's
At beginning and end of year	1 049	1 033
Scrip Dividend	–	1
Exercise of share options	11	15
Employee empowerment scheme	20	–
Allotment to SABMiller	13	–
At end of year	1 093	1 049

The original cost of shares issued has been reduced to nil by the restatement of the Zimbabwe currency.

In the current year the company issued 20 million shares to an employee share ownership trust. These shares are to be allotted to employees who are still with the company after a period of five years. The trust deed allows for discretion of the trustees in allotting shares to employees before the completion of the five year period in such circumstances as retirement. Management have treated the issue of the shares as a charge to share premium and have recognized that the value of the employee retention will be realized over a period of 5 years. In view of this, an expense relating to the issue of the shares will be realized over a period of 5 years as a transfer from reserves.

	HISTORICAL 2009 Z$
Issued share capital	
Share Premium	
At beginning of year	–
Arising on allotment to SABMiller	800 000 000
Gain on net asset uplift	2 645 473 800
Issued capital at end of year	3 445 473 800

18.3 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 shares capital comprising 306 305 271 (2008 – 351 488 300) ordinary shares has been placed at the disposal of the directors for an indefinite period.

Subsequent to the year end the company has entered into an agreement to issue approximately 40 000 000 ordinary shares in payment for the supply of a lager bottling line to be installed before the end of the year at a cost of approximately US$12 000 000

18.4 SHARES UNDER OPTION

The directors are empowered to grant share options to certain employees of the Group. These options are granted for a period of ten years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted.

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

Date of Grant	Subscription Prices Z$	Number of Shares	
		2009	2008
15 January 2004	–	180 000	835 000
13 May 2004	–	–	667 500
13 May 2005	–	25 000	2 025 000
12 August 2005	–	–	7 050 000
13 May 2006	–	10 600 000	10 800 000
4 August 2006	–	500 000	500 000
11 November 2006	–	5 550 000	5 900 000
11 May 2007	–	24 400 000	24 850 000
2 January 2008	–	34 830 000	36 480 000
1 March 2009	US$0,15	16 540 000	–
		92 625 000	89 107 500
Number outstanding at beginning of year		89 107 500	42 705 800
New options granted during year		16 540 000	61 330 000
Exercised during year		(10 697 600)	(13 858 300)
Forfeited during year		(2 324 900)	(1 070 000)
Outstanding at end of year		92 625 000	89 107 500

The restatement of the Z$ to reflect the ravages of inflation has rendered the average price of share options exercised negligible, thus the weighted average price of options exercised should be viewed as nil. The same applies to the average exercise price of shares forfeited. The weighted average stock exchange price on the date of exercise was 45 US cents based on an implied exchange rate for Z$ trading values.

18.5 DIRECTORS' SHAREHOLDINGS

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

	2009	2008
M E Kahari	10 000	10 000
E R Mpisaunga	290 000	66 468
R H M Maunsell	2 769 782	1 969 782
H C Sadza	7 449	7 449
M S Mushiri	4 112 408	3 583 714
J S Mutizwa	4 009 243	3 604 034
R M Mupawose	44 316	44 316
	11 243 198	9 285 763

No changes in Directors' shareholdings have occurred between the financial year end and 8 May 2009, being the date of the last meeting of the directors.

	HISTORICAL 2009 Z$
19. SHARE OPTIONS RESERVE	
At beginning of year	–
Recognition of options granted	198 480 000
Gain on net asset uplift	26 164 800
At the end of year	224 644 800
20. RETAINED EARNINGS	
At beginning of year	–
Attributable earnings for the year	1 778 324 229
Gain on net asset uplift	15 744 516 214
Foreign currency translation adjustment	(199 918 443)
At end of year	17 322 922 000
Subsidiaries and arising on consolidation	17 319 058 450
Associated companies	3 863 550
	17 322 922 000
21. MINORITY INTEREST	
At beginning of year	–
Share of attributable earnings for the year	(900 301)
Gain on net asset uplift	2 691 944 901
At end of year	2 691 044 600

22. BORROWINGS

	HISTORICAL 2009 Z$
Short-term borrowings	
Short-term loans	–
Total short-term borrowings	94 456 000
Total interest bearing debt	94 456 000

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 a general meeting, borrowings shall not exceed in aggregate, shareholders' equity which amounts to $23 684 085 200.

Short-term borrowings include foreign loans amounting to $37 400 000. 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:

	HISTORICAL 2009 Z$
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$187 000	37 400 000

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.

23. TRADE AND OTHER PAYABLES

Trade payables	930 912 950
Accruals and other payables	3 000 151 450
	3 931 064 400

24. 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

	Purchases of goods Z$	Royalties & Technical fees Z$	Amounts owed to related parties Z$
Historical 2009			
SABMiller Companies	73 330 089	44 435 320	(231 033 098)
	73 330 089	44 435 320	(231 033 098)

Purchases of goods were carried out at normal commercial prices.
Amounts outstanding are unsecured and will be settled on normal terms.
No guarantees have been given or received.

Compensation of key Management Personnel

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

	HISTORICAL 2009 Z$
Short-term benefit	27 186 000
Post-employment benefits	5 909 200
Share based payments	2 498 000
	35 593 200
Included in the above amounts are the following in respect of directors' emoluments:	
Paid by subsidiaries:	
For services as directors	1 549 000
For managerial services	18 606 600
	20 155 600

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

25. SHARE BASED PAYMENTS

In terms of the company share option scheme, options were granted on 1 March 2009. The estimated fair value of the options granted on that date was US$0,06. The Group recognised total expenses of $198 480 million in respect of share options granted. The options granted in the current year vest after four years and, accordingly, the fair value will be amortised over that period.

In view of the fact that the adoption of US$ trading on the Zimbabwe Stock Exchange has effectively resulted in a situation whereby the share options have no relevant history, the basis of determining fair value has been modified. Instead of direct application of the Black-Scholes option pricing model, as adjusted for dividends by Robert Merton, an alternative, as suggested by IFRS 2 for recently listed shares, which takes to account similar shares for other companies in similar circumstances has been used.

26. NET FUTURE OPERATING LEASE COMMITMENTS

	HISTORICAL 2009 Z$
Lease payments:	
– Payable within one year	448 297 272
– Payable two to five years	112 074 318
	560 371 590

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.

27. COMMITMENTS FOR CAPITAL EXPENDITURE

	US$
Contracts and orders placed	–
Authorised by directors but not contracted	29 828 304
	29 828 304

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

Notes to the Financial Statements continued

28. PENSION FUNDS

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

28.1 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.

28.2 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.

28.3 NATIONAL SOCIAL SECURITY AUTHORITY SCHEME

This is a defined benefit scheme promulgated under the National Social Security Authority Act 1989. The Group's obligations under the scheme are limited to specific contributions legislated from time to time. These are presently 3% of pensionable emoluments up to a maximum of $4 200 000 per month for each employee.

28.4 PENSION COSTS RECOGNISED AS AN EXPENSE FOR THE YEAR	HISTORICAL 2009 Z$
Defined contribution funds	19 162 881
National Social Security Authority Scheme	5 002 262
	24 165 143

29. FINANCIAL RISK MANAGEMENT

29.1 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.

29.2 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.

29.3 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.

29.4 LIQUIDITY RISK MANAGEMENT

The Group has minimal liquidity risk as shown by its unutilised banking facilities of US$3,3 million (Z$160 trillion, not restated) and the demand for its corporate paper.

29.5 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.

29.6 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Notes to the Financial Statements continued

COMPANY BALANCE SHEET
AT 31 MARCH

	Notes	HISTORICAL 2009 Z$
ASSETS		
NON-CURRENT ASSETS		
Investments in Associated Companies		505 645 800
Interest in Subsidiaries	A	17 424 000
Loans to Subsidiaries		800 000 000
TOTAL ASSETS		1 323 069 800
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	18	3 445 473 800
Retained Earnings		(2 122 404 000)
TOTAL EQUITY		1 323 069 800

A	INTEREST IN SUBSIDIARIES	17 424 000
	Shares at cost less provisions	

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

Safety, Health and Environmental Policy

visit our website: www.delta.co.zw

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

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

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

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
8 May 2009

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
  - 40% — **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."

Delta Corporation Limited and all subsidiary and associated companies are registered 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 sparkling beverages, 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

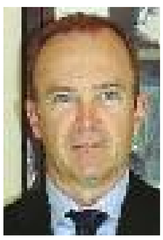
HEADEND ENTERPRISES (PVT) LTD
Manufacture of glass containers,
1 furnace

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, 1 Tea Factory

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 * ~ (Appointed Deputy Chairman)
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

Senior Management

J S Mutizwa	B.Sc.Soc.Sc.(Hons); MBA *~	Chief Executive Officer
R H M Maunsell	B. Bus. Sc.; CA(Z); CA(SA).	Executive Director – Finance
Dr M S Mushiri	B.Sc.(Hons); M.Sc.Phd	Executive Director – Packaging and Strategic 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
J H Manyakara	B.Admin(Hons)	Director – Human Resources
Dr M G Nyandoroh	B.Sc (Hons); M.Sc; Phd	General Manager – Beverage Operations (South)
D Taranhike	M.Sc; MBA	General Manager – Beverage Operations (North)
M M Valela	B. Tech (Accounts); CA(Z)	Group Treasurer

* 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

Notice to the Members

Notice is hereby given that the Sixty Second Annual General Meeting of Members of Delta Corporation Limited will be held at the Registered Office of the Company at Northridge Close, Borrowdale on Friday 24 July 2009 at 12:00 hours for the following purposes.

ORDINARY BUSINESS

1. **DIRECTORS FEES**
   To receive and adopt the Financial Statements for the year ended 31 March 2009, together with the Report of Directors and Auditors thereon.

2. **To appoint Directors**
   There were no changes to the Directors since the last Annual General Meeting.

   Dr R M Mupawose together with Messrs M E Kahari, J S Mutizwa, T N Sibanda and G J van den Houten are due to retire by rotation. All being eligible, they will offer themselves for re-election.

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

SPECIAL BUSINESS

1. **DIRECTORS FEES**
   To review fees payable to Chairman and Non-Executive Directors.

2. **SHARE OPTION SCHEME – 2010**
   To Resolve:
   That the “Delta Corporation Limited Share Option Scheme – 2010” be and is hereby authorised implemented and that the Directors can allocate up to 25 000 000 (Twenty five million) ordinary shares to this Scheme. The rules of the Scheme will be available for inspection at the registered office of the Company fourteen (14) days before the meeting.

BY THE ORDER OF THE BOARD

A Makamure
Company Secretary

Sable House
Northridge Close
Borrowdale
Harare
Zimbabwe

30 June 2009

Shareholders Analysis and Calendar

Size of Shareholding	Number of Shareholders	%	Issued Shares	%
1 to 5,000	5 656	76,5	4 929 763	0,5
5,001 to 10,000	461	6,2	3 250 934	0,3
10,001 to 25,000	487	6,6	7 812 587	0,7
25,001 to 50,000	245	3,3	8 804 052	0,8
50,001 to 100,000	182	2,5	12 922 882	1,2
100,001 to 500,000	245	3,3	54 309 300	5,0
Over 500,000	117	1,6	1 000 665 211	91,5
	7 393	100,0	1 092 694 729	100,0

Category				
Local Companies	864	11,7	112 254 416	10,3
Foreign Companies	6	0,1	388 833 793	35,6
Pension Funds	254	3,5	196 737 236	18,0
Nominees, local	253	3,4	109 679 718	10,0
Nominees, foreign	10	0,1	10 826 710	1,0
Insurance Companies	54	0,7	141 152 495	12,9
Resident Individuals	5 017	67,9	43 574 277	4,0
Non Resident Individuals	240	3,2	25 178 501	2,3
Investments & Trusts	538	7,3	58 068 561	5,3
Fund Managers	60	0,8	5 464 534	0,5
Deceased Estates	6	0,1	12 344	0,0
Other Organisations	91	1,2	912 144	0,1
	7 393	100,0	1 092 694 729	100,0

Included in the category of 'over 500 000 shares' is Delta Employee Participation Trust Company (Private) Limited which holds 28 870 949 shares on behalf of 3371 employees who participate in the two schemes.

TOP TEN SHAREHOLDERS

Shareholder	2009	%	2008	%
Rainier Inc.	193 137 519	17,7	193 137 519	18,4
SABMiller Zimbabwe BV	170 970 271	15,6	157 484 942	15,0
Old Mutual Zimbabwe Ltd	159 901 083	14,6	132 603 357	12,7
Old Mutual Life Assurance Co.	123 033 776	11,3	154 213 397	14,7
Barclays Bank Nominees (PVT) LTD NNR	63 914 339	5,9	19 458 319	1,9
Remo Nominees	32 852 352	3,0	–	–
Delta Employees Share Participation Trust Co	28 870 949	2,6	–	–
Fed Nominees P/L	28 180 299	2,6	31 200 223	3,0
Browning Investments NV	22 178 835	2,0	22 178 835	2,1
Post Office Savings Bank	–	–	33 764 933	3,2
Edwards Nominees (Private) Limited NNR	–	–	14 690 590	1,4
Datvest Nominees (PVT) LTD	–	–	12 957 370	1,2
Other	269 655 306	24,7	276 822 215	26,4
	1 092 694 729	100,0	1 048 511 700	100,0

Shareholders Analysis and Calendar continued

MAJOR SHAREHOLDERS	2009	%	2008	%
Old Mutual	282 934 859	25,9	286 816 754	27,3
SABMiller	386 286 625	35,4	372 801 296	35,6
	669 221 484	61,3	659 618 050	62,9
RESIDENT AND NON-RESIDENT SHAREHOLDERS				
Resident	700 565 924	64,1	669 852 831	63,1
Non-Resident	392 128 805	35,9	378 658 869	36,9
	1 092 694 729	100,0	1 048 511 700	100,0

SHARE PRICE INFORMATION

The ZWD prices between April 2008 and January 2009 have not been included.

Mid Range Price (US cents) at:	
27 February 2009	20,00
31 March 2009	22,00
8 May 2009	43,00
Price Range:	
Highest: 20 February 2009	30,00
Lowest: 25 February 2009	10,00

CALENDAR

Sixty Second Annual General Meeting	24 July 2009
Financial Year-End	31 March 2010
Interim Reports:	**Anticipated Dates:**
6 months to 30 September 2009	November 2009
12 months to 31 March 2010 and final dividend declaration	May 2010
Dividend Payment Date – final	July 2010
Annual Report Published	July 2010

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Northridge Park
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Borrowdale
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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)
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Telephone: 263 4 751559/61
E-mail: collen@corpserve.co.zw

DELTA CORPORATION
LIMITED