Delta Corporation Limited Employee Report 2010

DELTA CORPORATION
LIMITED

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

ORGANISATIONAL VISION

STRATEGIC INTENT

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

MISSION STATEMENT

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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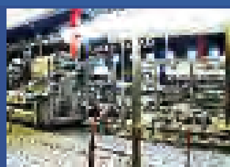
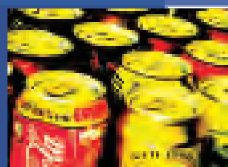



Values Statements

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

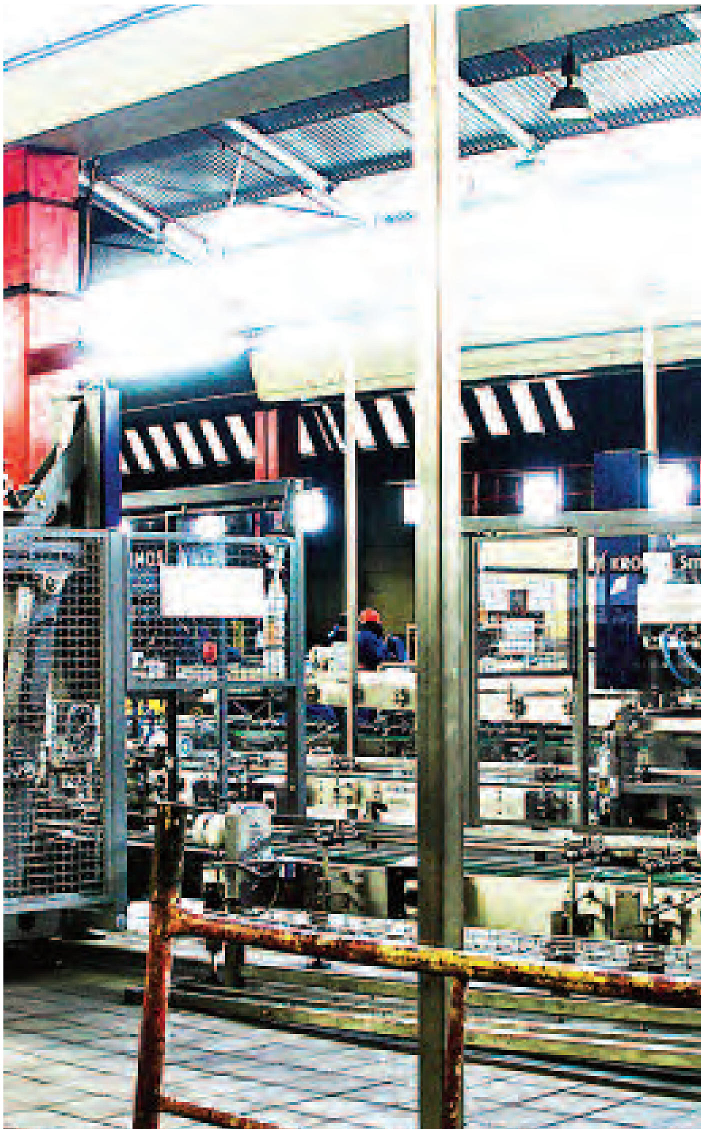
- We actively develop and share knowledge within the Group
- We consciously balance local and Group interests
- We foster trust and integrity in internal relationships
- We encourage camaraderie and a sense of fun

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

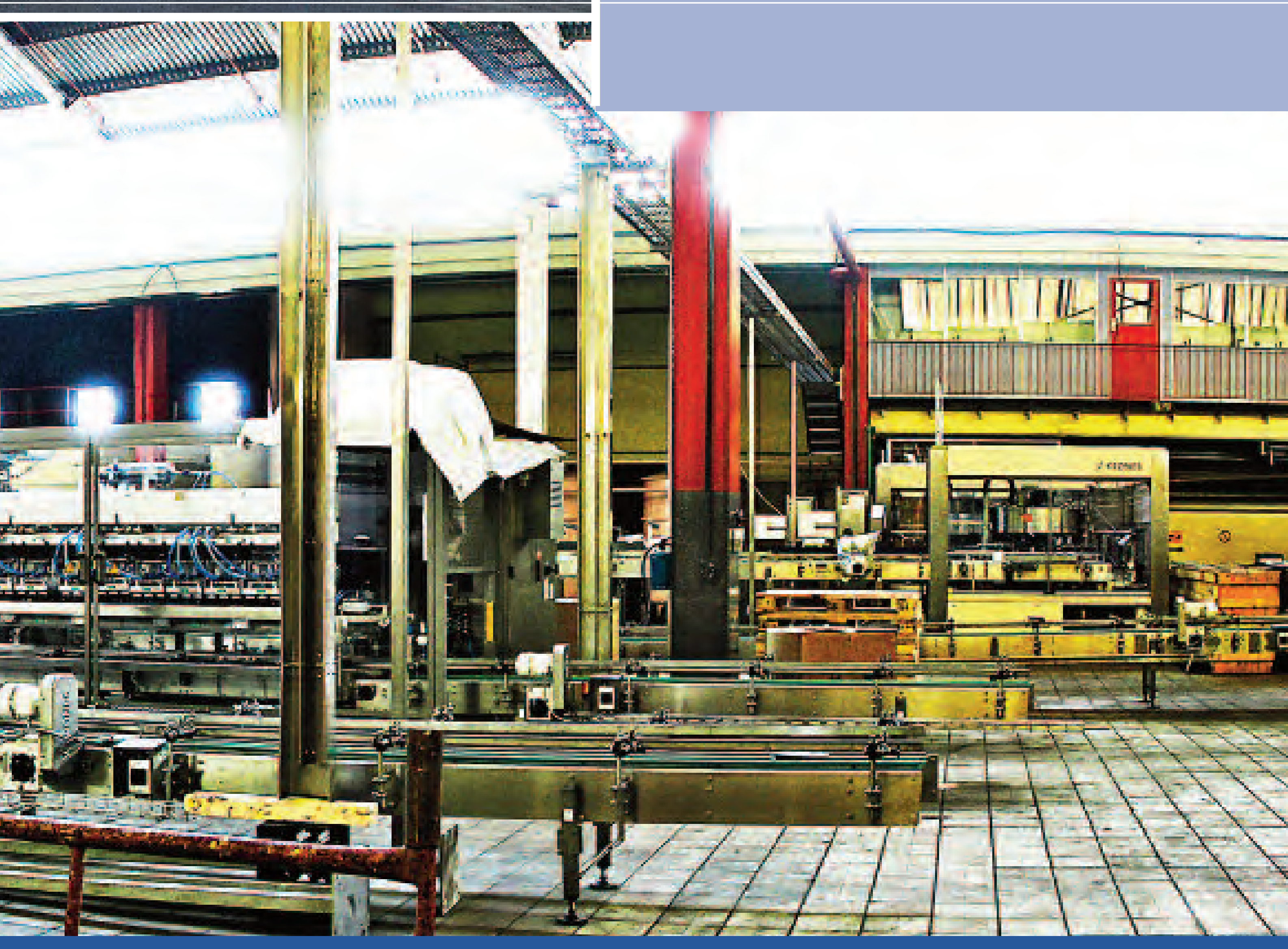
Our reputation is indivisible

- 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




Coca-Cola


double tickets to the
Coca-Cola
Golden



Chairman's Statement

The February 2009 paradigm shift in economic policy improved the business environment dramatically. *By June, three months into the financial year, the decline had halted and signs of economic growth were starting to appear.*

INTRODUCTION

The twelve months to March 2010 have been a time of change both for the country and the Group. The February 2009 paradigm shift in economic policy improved the business environment dramatically. By June, three months into the financial year, the decline had halted and signs of economic growth were starting to appear. With the national adoption of a stable currency and the removal of price controls, companies have been able to trade normally and to make decisions based on normal business risks and expectations.

This year the Group has, along with much of the country's manufacturing sector, focused on the backlog of maintenance and capital expenditure which had built up during the 'lost years'. This backlog had resulted in plant inefficiencies which, in turn, caused process losses at a level which was not sustainable in a competitive environment. The changes have improved predictability of investment payback and it has now become feasible to invest in new equipment, major maintenance and replacement of containers. The market has, however, remained short of liquidity and the absence of significant reasonably priced longer-term borrowings has placed constraints on capital expenditure as the Group has had to fund these largely from operations. An exception to this was $12 million for the new Harare lager bottling line which was funded by an issue of shares.

DISPOSALS AND ACQUISITIONS

With effect from 1 October 2009, the 40% shareholding in the listed company Ariston Holding Limited was sold. When this investment was made, it was stated that Ariston was not part of the core business of the Group and that it would be disposed of when normalcy returned. The Group has, in addition, disposed of its investment in glass manufacturing subsidiary with effect from 1 January 2010, with the residual assets in this operation being transferred to the joint venture partner at fair value.

With effect from 1 January 2010 a 49% share in Schweppes Zimbabwe Limited was acquired. 51%

of this company is held by two employee share ownership companies representing managerial and non-managerial employees respectively. This acquisition is treated as an associate company, rather than a subsidiary, reflecting the ownership of under 50%.

VOLUMES AND OPERATIONS REPORT

Capacity has been improved by the new 42 000 bottle per hour packaging line for lagers in Harare which was fully operational by the end of October 2009. In addition, the previously mothballed Zvishavane traditional beer brewery was brought back on stream with effect from 1 November and the Chibuku Shake-Shake was re-launched in October in the improved one litre non-returnable pack. Market reception has been excellent.

Total beverages volumes have recovered strongly, and market share has been regained, despite the production constraints being experienced as a result of long lead times for capital equipment and for machine spares. For the first time in many years, the Christmas holiday season was a period of strong demand, and it was noticeable that this demand stretched well into the next quarter. For the year beverages volumes were 100% up on the very poor 2009 and in line with 2007 volumes. Lager volumes were up 123%; Chibuku rose 86% reflecting a degree of market shift as greater choice became available and Soft Drink volumes climbed 149% on prior year. Plastic volumes were up 151% on prior year and are also in line with the volumes last seen in 2007.

Margins are tight and they have not yet returned to historical norms due in part to the need for higher than normal maintenance and the fact that agricultural inputs are priced well above regional parity. All beverage prices were held constant, since they were set in United States Dollars in September 2008, until the modest changes to beer prices in April 2010. The only exception was the price of cans which rose in January 2010 to take into account the substantial rise in regional can body prices.

FINANCIAL REPORTING

The financial information is presented in United States Dollars; this is the functional currency of the country. With the exception of the Statement of Financial Position no comparative figures have been disclosed. This is because it is not possible to meaningfully translate into United States Dollars prior figures which were recorded in hyperinflation ravaged Zimbabwe Dollars. Accordingly, as any such translation would be misleading, such figures have not been disclosed. The lack of disclosure of comparative figures is not in compliance with International Financial Reporting Standards and will result in the auditors issuing a qualified opinion with respect to the absence of comparative information relating to financial performance and cash flows.

Capacity has been improved by the new bottling line commissioned in Harare in October 2009.

FINANCIAL INFORMATION

Operating income from continuing operations amounted to $38,6 million having been $14,9 million at half year. Operating income from both continuing and discontinued operations amounted to $35,5 million.

The contribution of the Group to the fiscus remains substantial; company income tax, value added tax and excise duty amounted to $77,3 million. This does not include the substantial payments made in the form of employee taxes.

There has been a change in accounting policy to more accurately reflect industry accounting treatment for returnable containers. This has no impact on the income disclosed for the year, but it does have an impact on the Statement of Financial Position where inventories have been reduced and fixed assets and current liabilities have both been increased. The Statement of Financial position for 31 March 2009 has been adjusted to reflect the impact of this change of policy at that date. Full details of the impact are disclosed in the notes to the financial statements.

In respect of cashflow, net working capital grew by $21,8 million, mainly representing an increase in trade receivables, as the granting of credit becomes more common, and increased inventories. The increase in inventories and trade receivables is only partly matched by creditor finance. Of the $47,6 million capital expenditure, $13,1 million relates to returnable containers for the year, $12,5 million to the new bottling line for lagers in Harare and $9,6 million comprises work in progress for the Bulawayo bottling line and the new PET line to be commissioned in the coming year. $12 million in respect of the new Harare bottling line was funded from shares issued. At March the Group was in a net borrowed position of $7,7 million. This included 90 and 180 day borrowings of $15 million at an average interest rate of slightly below 10%.

DIVIDEND

The directors are of the opinion that it is not appropriate to declare a dividend for the period just ended, given the need to continue with the recapitalisation programme.

DIRECTORS

It is with deep sadness that I note the untimely death in October of Mr Eric Kahari. Eric first joined the Board in August 1997 and at the time of his passing he was the Deputy Chairman of the Board. His wise counsel and positive contribution will be greatly missed.

SAFETY, HEALTH, ENVIRONMENTAL MANAGEMENT AND COMMUNITY SERVICES

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

Medical services at a national level are showing signs of recovery, but it remains difficult for most people to access health care. The Group's health services continued to be provided to staff at the Main Clinic and Consulting Rooms in Harare as well as at the satellite clinics at some of our operations in Harare and Bulawayo, under the professional guidance of a full time Medical Officer.

Delta's social investment programs continued to positively impact the lives of many Zimbabweans. We remained primarily focused on all the community service projects to which we had made commitments, though, with economic recovery starting to take hold, there has been some expansion of social investment into new areas of particular need such as assistance with waste management in particular areas of the capital.

The Schools Assistance Program 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, has seen the handing over of two completed classrooms and the commencement of the building of another.

Community mobilization is a major feature of such projects as schools are generally situated in remote resettlement areas, this has proved difficult in the recent past, but is beginning to recover. The project is run entirely under the auspices of the Ministry of Education.

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.

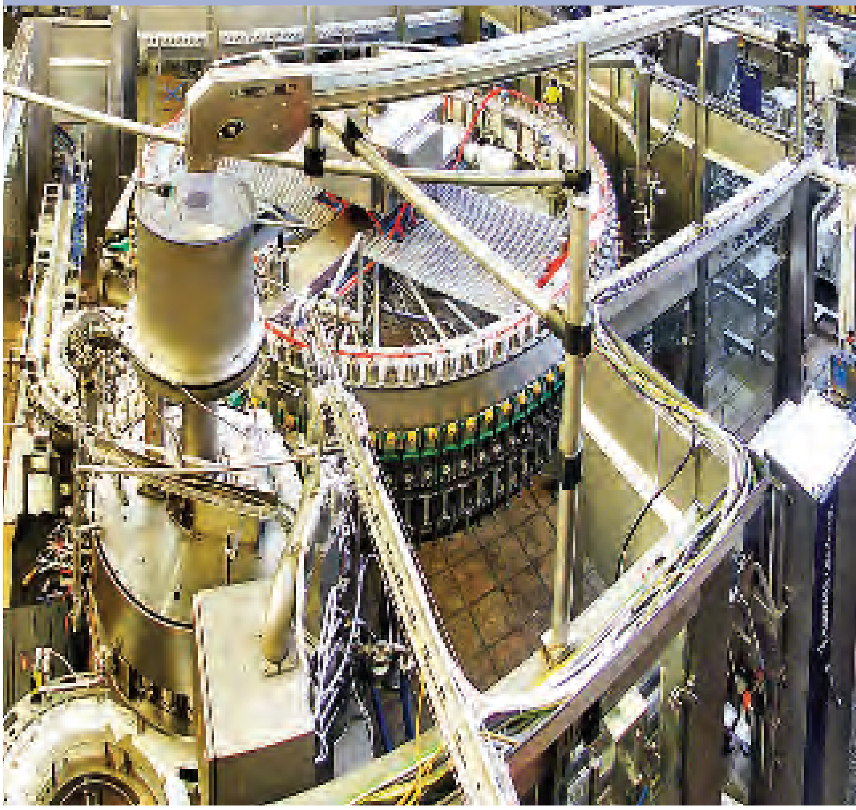
In the arena of Arts and Culture, we maintained our commitment to supporting Festivals such as HIFA, Manica Fest and Intwasa. The well established Jikinya Dance Festival, which is a traditional dance competition for Primary School children, which is co-sponsored by the European Union and Culture Fund has continued to grow. The Chibuku Neshamwari Dance Festival and the Chibuku Road to Fame which had been cut back or shelved in the previous year returned to full scale. Chibuku Road to Fame is a talent contest which seeks to launch budding musicians into a professional career.

Long standing sporting events continued to be supported; a new event has been the Cricket 20/20 which is sponsored through both Coca-Cola and Castle brands and going forward, sponsorship for the Mash Eagles team has been pledged.

As the quantity of beverage cans increases, there is a problem with unsightly waste. The Group has launched an initiative to place collection points which will result in these cans being recovered for recycling while at the same time providing a financial incentive to charities and schools to encourage their collection. Collection cages have been installed around Harare, and the program will be rolled out to other centres. In February 2010, in response to difficulties being experienced by the City of Harare waste management department, the Group engaged a contractor who cleared garbage from where it had built up in various parts of Harare.

The Delta HIV and AIDS initiative, which was scaled up considerably in the previous year, received recognition by way of two awards. The

A new bottling line was installed at Harare in September 2009. *The equipment was purchased from Krones of Germany.*



first award was made by the Harare Chamber of Commerce whilst the second was the national ZNCC Award. The initiative provides access to Anti Retro-Viral Treatment at our clinics for the convenience of our staff members currently on treatment and access to Voluntary Counselling and Testing through on site testing and counselling. Every employee has a right to privacy and in this regard there is a published Confidentiality Pledge which assures employees of this right. We will ensure that information relating to an employee's counselling, care and treatment remains strictly confidential.

HUMAN RESOURCES

Industrial relations during the year were dominated by the process of normalising remuneration packages after the oddities and expectations of a hyperinflationary environment. There is a problem at national level emanating from expectations of high levels of remuneration and regular large pay increases. The business enjoyed stable industrial relations as pay negotiations reflected a sober understanding of the realities of a low inflation environment and the need to rebuild.

The skills flight that characterised the low point of the economy has definitely slowed and there are positive signs of skills returning to the country.

FUTURE PROSPECTS

The focus over the next year will be on installing capacity and improving efficiencies so as to supply the market with the full product range and to be able to hold buffer stock of finished goods against the high risk of power and water outages affecting production.

By the end of March 2010, in excess of 50% down payments had been made towards two significant new items of plant. A PET plant for soft drinks, which will cost $3,5 million, will come on line in June 2010. This replaces an older plant that had to be scrapped over a year ago and will mark the return to the country of this important non-returnable clear plastic pack for carbonated soft drinks. The second project underway is a new 42 000 bottles per hour plant which is presently in the process of manufacture and will be brought on line at the Bulawayo brewery before the end of October 2010; the cost of this plant will be approximately $14 million.

This, together with the investment made in the last year into containers and equipment will put the group in a strong position to meet demand which is expected to grow significantly.

The past year has been one of exciting change, despite the frustrations from the slow pace of recovery. This recovery will continue in the year ahead and higher volumes must now translate into improved margins through right-pricing of inputs, improved plant efficiencies and cost containment.

APPRECIATION

I would like to express my thanks to my Board colleagues for their support and commitment to the Group through the uncertainties of the last year. My thanks must also go to management and staff who have done a sterling job in improving Group results.

Mupawose

Dr Robbie M Mupawose
7 May 2010

THE BEVERAGES BUSINESS

The effects of dollarization of the economy in February 2009 had a dramatic impact on the fast moving consumer goods sector with prices of basic commodities falling to match imports. *Consumer spend firmed on the back of USD prices paid on agricultural commodities. Trading terms changed as retailers aggressively pushed for credit to allow restocking as general competition heated up.*

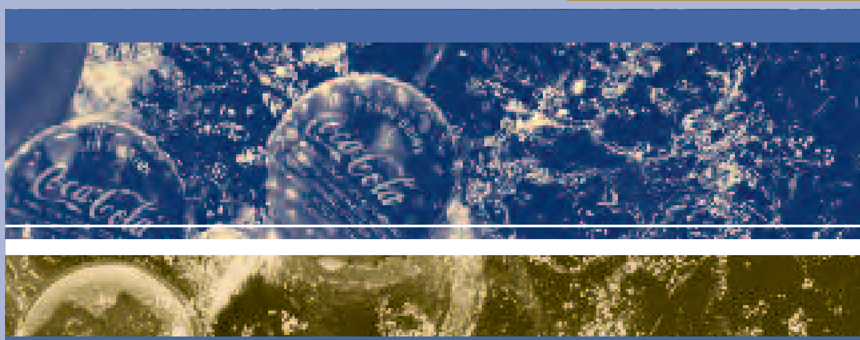
The ability of business enterprises to recapitalize and begin to rebuild stock along the value chain or seek alternative import options was instrumental in determining the pace of profitable recovery. Our recovery efforts delivered strong month on month volume growth over the year attaining Lager and Chibuku beer volumes for the holiday peak comparable to levels last seen in December 2004.

Efforts to re-engage suppliers of plant, machinery and spares on favourable trading terms were a central feature of the recovery process.

By the third quarter the trading environment had stabilized with increasing volumes of locally manufactured products appearing on the shelves. Retail prices continued to decline albeit at a slower pace. Our USD pricing remained competitive against imports on the back of a stronger Rand although cost pressures were evident.

In anticipation and well ahead of the recovery, senior members of the management team who had been seconded on assignments with SABMiller and The Coca-Cola Company returned to bolster our recovery efforts.

Our recovery strategies are now firmly entrenched as product supply continues to improve thus facilitating heightened engagement in the market place. The need to develop winning strategies underpinned by rigorous consumer and customer insights is now at the forefront. To this end we have commissioned an independent quarterly retail audit which confirms our market share position for both lager beer and Sparkling Beverages at well over 90% as at March 2010. The customer base itself has grown rapidly from just over 4000 active customers in December 2008 to 11 855 as at March 2010 of which between 45% to 65% receive direct deliveries depending on the product category.



LAGER BEER BUSINESS

Management continues to invest aggressively in plant and equipment with major projects designed to maintain plant reliability undertaken during the course of the year.

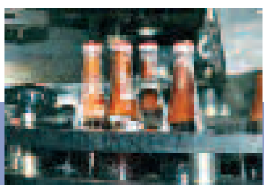
LAGER BEER

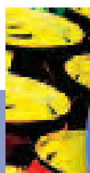
The investment in a new bottling line at the Southerton plant added impetus to the strong recovery in beer volumes in the last four months of the financial year. Lager beer volumes at 1,15 million hectolitres were up 113% on prior year. The brand portfolio remains strong with Lion lager and Castle lager jointly contributing 66% of total volumes sold. Eagle Lager, which was introduced as an economy brand that would recruit and retain hard pressed consumers, has played a pivotal role in the sales contributing 8% of total lager beer sales.

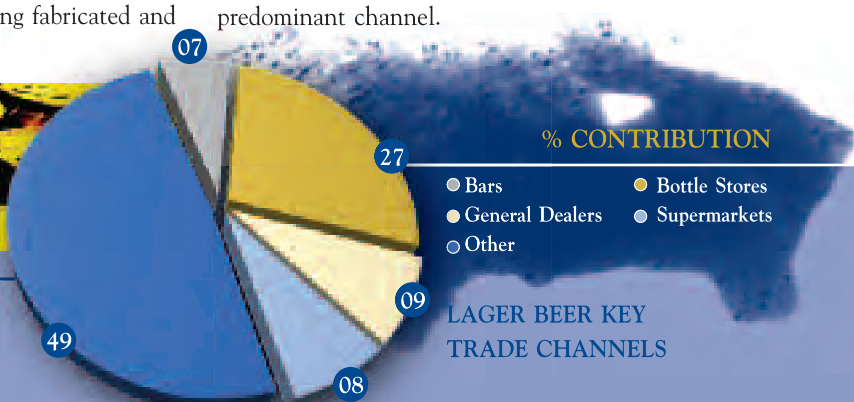
The two brewing facilities in Bulawayo and Harare fared relatively well with respect to electricity and water supply. Management continues to invest aggressively in plant and equipment with major projects designed to maintain plant reliability undertaken during the course of the year. A state of the art 42 000 bottles an hour bottling line was installed at the Southerton Brewery whilst a similar line for the Belmont factory is being fabricated and will be commissioned by October 2010. These two investments, coupled with the large investments made in returnable glass will ensure full brand and pack supply whilst firmly anchoring the core of our business as returnable containers contribute 91% of total sales. The canning line has been refitted to add capability to produce the 440ml can.

Marketing and promotional activities were resuscitated during this period with equally aggressive action to enhance brand visibility in the trade. Castle and Lion Lager labelling was rejuvenated to enhance appeal.

The market is fairly fragmented with almost 12 000 active customers and bottle stores as the predominant channel.







TRADITIONAL BEER BUSINESS

Introduction of the one litre conical pack in October 2009 was welcomed with excitement by our younger consumers and nostalgia by the older drinkers.

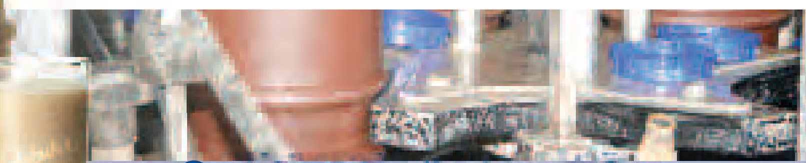
TRADITIONAL BEER BUSINESS

During the year under review Chibuku volumes at 3,11 million hectolitres were 86% up on prior year. Sadly restrictions on the availability of electricity and water took their toll on production, particularly at breweries in the smaller centres. The investment in generators for these facilities assists but only as a stop gap and will not sustain on a protracted basis. The Zvishavane brewery was re-opened in October on the back of growing demand arising from mining operations in the area.

Our operations have fared well against strong competitors in the Midlands and Bulawayo markets where Chibuku holds the lion's share of volumes sold. Introduction of the one litre conical pack in October 2009 was welcomed with excitement by our younger consumers and with nostalgia by the older drinkers. The pack contributed 10% of total volume and is proving to be a winner in the competition arena.

Distribution activity has been intense with 9 700 active customers and volumes channelled primarily through bottle stores.

The one litre conical pack was introduced in October 2009 and was welcomed with excitement.



TRADITIONAL BEER KEY TRADE CHANNELS

SPARKLING BEVERAGES BUSINESS

The Sparkling Beverages business performed well recording volume growth of 149% on prior year to give a volume for the year of 0,77 million hectolitres.

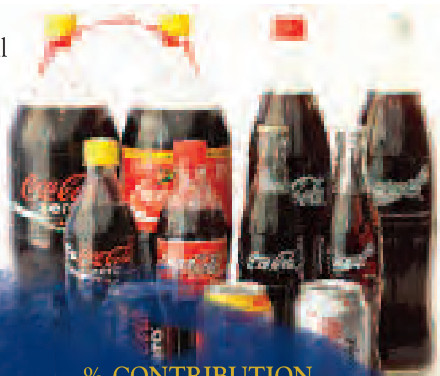
SPARKLING BEVERAGES BUSINESS

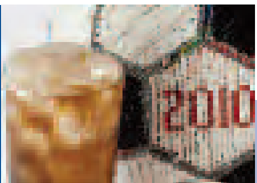
The Sparkling Beverages business performed well recording volume growth of 149% on prior year to give a volume for the year of 0,77 million hectolitres. As affordability is critical in this product category the first half of the year was dominated by efforts to align all aspects of the value chain in order to achieve international benchmark prices on inputs.

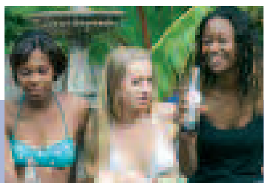
Alongside this, management has invested in packaging that will bring a fresh new look to the core brands Coke, Fanta and Sprite. Additionally a state of the art PET bottling plant will be installed at the Graniteside plant by the end of June 2010 allowing us to fully service the market with a full range of convenience packages. This line will also enable us to service the market with the full range of mixers in 500ml packaging.

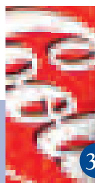
Coke Zero was introduced during the year. The Sparletta brands and Schweppes Orange and Lemon flavours were also reintroduced during the course of the year.

The customer base for this product at just over 11 000 active customers is widely spread and quite fragmented. The general dealer and supermarket channels are key to the success of this market as shown in the chart below.









SPARKLING BEVERAGES KEY TRADE CHANNELS

DISTRIBUTION & TRANSPORT SERVICES

A fleet of 178 vehicles was back on the road and covering just under 6,5 million kilometres to service our 12 000 customers countrywide.

DISTRIBUTION & TRANSPORT SERVICES

Our ability to service the trade was complemented by an aggressive resuscitation of the fleet. A fleet of 178 vehicles was back on the road and covering just under 6,5 million kilometres to service our 12 000 customers countrywide.

During the year we invested in 10 new delivery vehicles and 8 forklifts. This is an area for accelerated investment in 2010 as we work to reduce the average age of the fleet.

Economies of scale have benefited the operation as management has been able to negotiate and procure fuel at prices 6% to 8% below average market prices.

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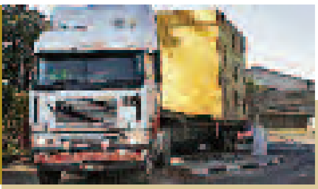
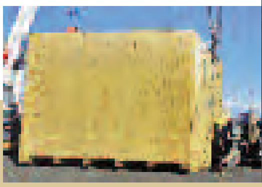




MALTINGS BUSINESS

The winter irrigated barley crop harvested in the September to November 2009 period was much improved on that of the previous year. A crop of 33 200 tonnes was taken in, from 7 700 hectares, well ahead of 14 800 tonnes of the previous season. This crop is more than adequate for domestic lager beer production requirements and export markets are again being sought after a year in which they had to be curtailed. Unfortunately, in this market, reliability of supply is particularly important and contracting lead times are substantial, so it will take some time to rebuild export markets.

It is pleasing to note that agro-productivity is on the rise and the output per hectare increased by 60%. This is critically important to the survival of barley farming in Zimbabwe as high input costs coupled with low on-farm productivity have resulted in production costs which exceed import parity. This cannot sustain for another year. Considerable success has been achieved in substantially reducing the input costs for the coming season, and the focus now will be on ensuring that per hectare yields continue to improve to a level that makes the locally produced crop competitive.

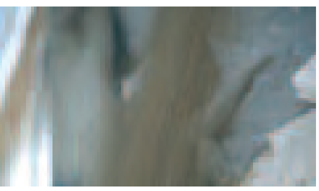
On the varietal research front satisfactory results were achieved. The Sierra barley variety which was in its first year of full scale farm production last year passed its brewing performance trials, gained full approval as a brewer's malt variety and is now being established as a commercial variety. Two of the three barley varieties which were at the pilot field trial stage last year underwent malting pilot trials and there is optimism that at least one of them will be taken through to the pilot brewing stage later in the year.

Following the successful sorghum malting trial project in the prior year, all sorghum malt requirements for local sorghum beer production was produced in-house. With additional capacity now to hand, attention is being turned to export prospects in the region.

Sorghum varietal research work was undertaken to test a selection of seven commercial sorghum varieties for agronomic and malting potential. Two of these showed potentially good agronomic performance and will be subjected to full scale agricultural field trials in the summer of 2011.

MEGAPAK ZIMBABWE

Volumes at 4 550 tonnes reflect a growth of 151% on last year. Demand for most products remained strong and sales would have been higher were it not for the periodic power failures which dog the production facility. Demand in the PET factory which caters primarily for edible oil and cordial packaging has remained soft throughout the year as the producers of edible oils struggled to compete with imports and cordial manufacturers suffered from raw material supply problems, notably sugar. In the coming year demand for this factory is expected to pick up considerably with the installation of a new PET packaging line for Soft Drinks. Margins throughout the year have been under pressure due to competition from both imported packaged substitutes and small scale local producers entering the market.



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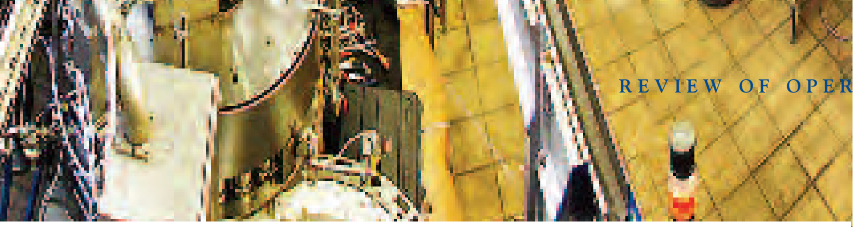

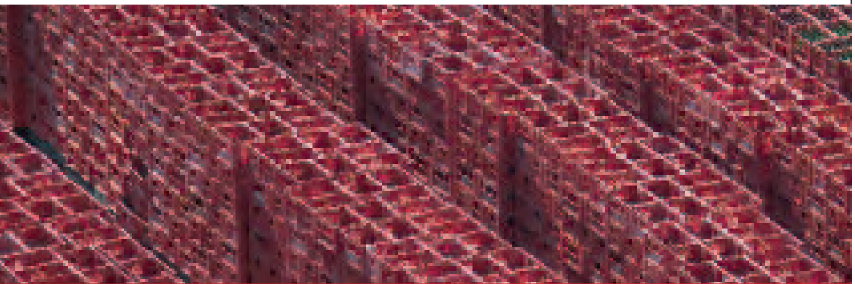

DISCONTINUED OPERATIONS

With effect from 1 October 2009, the Group holding of 40% of the shares in a listed company, Ariston, was sold. The Group has, in addition, disposed of its investment in a glass manufacturing subsidiary with effect from 1 January 2010. This consisted of the residual assets in this operation being transferred to the joint venture partner at fair value, leaving the company as a dormant entity owned 90% by the Group. Both companies incurred trading losses up to the date of disposal.

Headend – Sales for the nine months to the date of disposal, though much improved on 2009, were constrained by poor production levels. This was due to down time for repairs to the furnace and numerous power cuts affecting operations. Domestic demand for bottles was strong and the market was undersupplied. Total sales for that period amounted to 8 850 tonnes of glass of which less than 1% was exported. This was an improvement of 115% on the previous year. The Group continued to purchase glass from this factory during the post disposal period.

Ariston – In the six months to date of disposal; tea sales were less than half of those of the previous year, though prices were generally firm; macadamia sales volumes were six times those of the year before, mainly for export and prices were reasonable; fruit sales were trending well up and flower sales somewhat down. The beef herd was being maintained, but poultry production had been stopped on poor supply of feed should read had been stopped due to poor supply of feed.

Report of the Directors

The Directors present their Sixty-Third Annual Report and the Audited Financial Statements of the Group for the year ended 31 March 2010.

YEAR'S RESULTS

The year's results are presented in United States Dollars following the adoption of the multi-currency trading system in February 2009.

	US$
Earnings attributable to Shareholders	35 952 108
Transfer from share option reserve	671 017
Distributable Reserves at the beginning of the year (restated)	91 661 877
Distributable Reserves at the end of the year	128 285 002

PROPERTY, PLANT AND EQUIPMENT

Capital expenditure (inclusive of returnable containers) for the year to 31 March 2010 totalled US$47,6 million. The capital expenditure for the year to 31 March 2011 is planned at US$56,4 million.

INVESTMENTS

The Company's effective shareholding in African Distillers Limited is 28,4% and that in Schweppes Zimbabwe Limited is 49%. The Company sold its stake in Ariston Holdings Limited during the year and effectively disposed off the net assets in Headend Enterprises (Private) Limited.

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 25 725 000 ordinary shares in accordance with the share option schemes and 40 456 286 ordinary shares were allotted to SABMiller, the major shareholder in consideration for funding the Southerton bottling plant. The ordinary shares in issue now total 1 158 876 015.

The issued share capital has been restated in United States dollars to $29 375 282 inclusive of share premium. A special resolution will be tabled at the Annual General Meeting for the restatement of the nominal share price into United States Dollars. The number of shares currently under option is 80 328 000.

RESERVES

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

DIRECTORS

The Directors note with sadness the passing away of Mr M E Kahari in October 2009. He was the Deputy Chairman of the Board and served on the Remuneration and Audit Committees and had been a director since August 1997.

Mr C F Dube and Prof H C Sadza are due to retire by rotation. Both being eligible, they will offer themselves for re-election. Mr K Mandevhani is due to retire by rotation and does not offer himself for re-election. The Chairman, Dr R M Mupawose retires from the Board at the end of July 2010.

BOARD ATTENDANCE

(From 1 April 2009 to 31 March 2010)

Name Of Director	Main Board		Audit Committee		Remuneration Committee	
	Attended	Possible	Attended	Possible	Attended	Possible
Dr R M Mupawose	4	4			3	4
Mr J S Mutizwa	4	4	2	2	3	4
Mr M J Bowman	2	4			2	4
Mr C F Dube	4	4			1	1
Mr S J Hammond	3	4			3	4
Mr M E Kahari	2	2	1	1	2	2
Mr K Mandevhani	3	4				
Mr R H M Maunsell	4	4				
Mr E R Mpisaunga	4	4				
Dr M S Mushiri	4	4				
Mr L E M Ngwerume	3	4				
Prof H C Sadza	4	4				
Mr T N Sibanda	3	4	2	2		
Mr G J van den Houten	2	4				

AUDITORS

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

ANNUAL GENERAL MEETING

The Sixty-Third Annual General Meeting of the Company will be held at 12:00 hours on Wednesday 28 July 2010 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

7 May 2010

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.

The Group 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. Workers' Committees operate effectively at the operative units providing a channel for resolving issues at the work place.

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 Group. An appropriate risk analysis framework is used to identify the major risks which the Company must manage in serving its stakeholders.

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

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

Accounting Philosophy

The Company is dedicated to achieving meaningful and responsible reporting through the comprehensive disclosure and explanation of its financial results. This is done to assist objective corporate performance measurement, to enable returns on investment to be assessed against the risks inherent in their achievement and to facilitate appraisal of the full potential of the Company.

The core determinant of meaningful presentation and disclosure of information is its validity in supporting management's decision making process. While the accounting philosophy encourages the pioneering of new techniques, it endorses the fundamental concepts underlying both the financial and management accounting disciplines, as enunciated by The Institute of Chartered Accountants of Zimbabwe, The International Accounting Standards Board and The International Federation of Accountants.

The Company is committed to regular review of accounting standards and to the development of new and improved accounting practices. This is done to ensure that the information reported to the management and stakeholders of the Company continues to be internationally comparable, relevant and reliable. This includes, wherever it is considered appropriate, the early adoption of accounting standards.

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 line with International Financial Reporting Standards. 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 19. However, as more fully described elsewhere in this annual report, the unique circumstances prevailing in the Zimbabwe economy during the year to 31 March 2009 has meant that it has been impossible to provide meaningful comparative figures in respect of this year's Statement of Comprehensive Income. To the extent that this information is missing, disclosure is incomplete and our auditors have no option but to qualify their opinion in this respect.

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 March 2011. 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 21.

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 2010, which appear on pages 24 to 60 were approved by the Board of Directors on 7 May 2010 and are signed on its behalf by:

Dr R M Mupawose - Chairman

J S Mutizwa - Chief Executive Officer

Report of the Independent Auditors

To the Members of Delta Corporation Limited
Report on the Financial Statements

We have audited the accompanying financial statements of Delta Corporation Limited ("the Company") and its subsidiaries ("the Group") as set out on pages 24 to 60, which comprise the consolidated and company statements of financial position at 31 March 2010, and the consolidated statement of comprehensive income, the statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

DIRECTORS' 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 (IFRS) and in the manner required by the 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.

The Directors' have elected to comply with the guidance in the joint media statement on the impact on financial reporting as a consequence of the change in functional currency ('the Financial Reporting Guidance') issued jointly by the Public Accountants and Auditors Board the Zimbabwe Accounting Practices Board and the Zimbabwe Stock Exchange in July 2009.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

BASIS FOR QUALIFIED OPINION

Non-compliance with International Accounting Standard ('IAS') 29 (Financial Reporting in Hyperinflationary Economies) and International Accounting Standard ('IAS') 21 (The Effects of Changes in Foreign Exchange Rates).

The Group operated under a hyperinflationary economy in the prior year. The Group changed its functional currency to United States dollars with effect from 1 February 2009. The comparative consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows have not been prepared in conformity with International Financial Reporting Standards as the requirements of IAS 29 and IAS 21 could not be complied with in converting the financial information during the period of hyperinflation into an applicable measurement base at the date of reporting for the following reasons:

- the inability to reliably measure inflation because of the interaction of multiple economic factors which were pervasive to the Zimbabwean economic environment as explained in note 2.2; and

- the inability to adjust items that were recorded in Zimbabwe dollar into United States dollars at the date of change of functional currency as more fully explained in note 2.2.

This also caused us to issue an adverse audit opinion on the financial performance and cash flows within the financial statements relating to the prior year.

Non-compliance with IAS 1 (Presentation of Financial Statements).
The Directors have not presented comparative information relating to financial performance and cash flows because they believe that the information will be misleading for reasons stated in note 2.2.

QUALIFIED OPINION

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Delta Corporation Limited and its subsidiaries at 31 March 2010, and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have, in all material respects, been properly prepared in compliance with the Companies Act (Chapter 24:03) and Statutory Instruments (SI 33/99 and SI 62/96), except for the presentation of the comparative information relating the Company's financial performance and cash flows.

In our opinion, the Group has complied, in all material respects with the Financial Reporting Guidance. This guidance was issued jointly by the Public Accountants and Auditors Board, the Zimbabwe Stock Exchange and the Zimbabwe Accounting Practices Board to assist preparers of financial statements in converting their financial statements from Zimbabwe dollars into their new functional currency in a manner that is consistent with the principles of IFRS, in as far as is practicable, in the Zimbabwean economic environment, at the date of the change of their functional currency.

Deloitte & Touche

Deloite & Touche
Harare
30 June 2010

Deloitte.

FINANCIAL STATEMENTS

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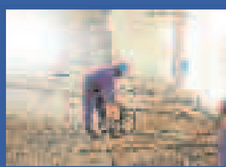

Group Statement of Comprehensive Income
FOR THE YEAR ENDED 31 MARCH

	Notes	2010 US$
CONTINUING OPERATIONS		
REVENUE		
Net Revenue	8	324 467 618
NET OPERATING COSTS	9	(285 863 677)
OPERATING INCOME		38 603 941
Gain on acquisition of associate	13	4 453 276
Profit on disposal of discontinued operations	27	220 196
Net financing expense	10	(785 226)
Share of loss of associates		(616 555)
		41 875 632
Taxation	11	(2 191 247)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		39 684 385
DISCONTINUED OPERATIONS		
Loss for the year from discontinued operations	27	(4 151 059)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		35 533 326
Profit for the year from continuing and discontinued operations attributable to:		
Owners of the parent		35 952 108
Non-controlling interest		(418 782)
		35 533 326
Profit for the year from continuing operations attributable to:		
Owners of the parent		38 963 556
Non-controlling interest		720 829
		39 684 385
Weighted average shares in issue (millions)		1 138,1
EARNINGS PER SHARE (CENTS)		
From continuing and discontinued operations		
– Attributable earnings basis	5.6	3,16
– Fully diluted basis	5.6	2,99
– Cash equivalent basis	5.7	0,40
From continuing operations		
– Attributable earnings basis		3,42
– Fully diluted basis		3,24

Group Statement of Financial Position

AT 31 MARCH

	Notes	2010 US$	2009 (Restated) US$
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	162 368 299	130 734 717
Biological assets		–	5 928 556
Investments in associates	13	6 894 962	2 528 241
Investments, loans and trademarks	14	4 122 566	3 020 964
		173 385 827	142 212 478
Current Assets			
Inventories	15	51 420 224	28 480 632
Trade and other receivables	16	22 881 800	7 773 026
Bank balances and cash		7 311 052	2 863 906
		81 613 076	39 117 564
Total Assets		**254 998 903**	**181 330 042**
EQUITY AND LIABILITIES			
Capital and Reserves			
Issued capital	17	29 375 282	17 227 370
Share options reserve	18	1 546 125	1 123 224
Retained earnings	19	128 285 002	91 661 877
Equity attributed to equity holders of the parent		159 206 409	110 012 471
Non-controlling shareholder's interest	20	2 732 586	8 407 955
Total shareholders' equity		161 938 995	118 420 426
Non-Current Liabilities			
Deferred tax	11	22 719 835	37 262 539
		22 719 835	37 262 539
Current Liabilities			
Short-term borrowings	21	15 000 000	472 280
Trade and other payables	22	55 340 073	25 174 797
		70 340 073	25 647 077
Total Equity and Liabilities		**254 998 903**	**181 330 042**
Net asset value per share (Cents)		**13,74**	**10,07**

Group Statement of Cash Flow

FOR THE YEAR ENDED 31 MARCH

	Notes	2010 US$
Cash retained from continuing operating activities		
Cash generated from trading	23.1	50 427 823
Utilised to increase working capital	23.2	(21 813 684)
Cash generated from operating activities		28 614 139
Net financing expense		(785 226)
Income tax paid	23.3	(6 145 629)
Net cash utilised		21 683 284
Cash utilised in investment activities		
Increase in loans and investments		(1 016 421)
Expanding operations		(11 247 909)
Replacement of property, plant and equipment		(36 372 257)
Proceeds from disposal of property, plant and equipment		538 458
Proceeds from disposal of discontinued operations		4 000 000
Net Cash Invested		(44 098 129)
Cash generated from financing activities		
Movement in short-term borrowings	23.4	15 000 000
Increase in shareholder funding	23.5	12 147 912
Net cash Generated from financing activities		27 147 912
Net movement in cash and cash equivalents		4 733 067
Cash and cash equivalent at the beginning of the year from continuing operations		2 577 985
Cash and cash equivalent at the end of the year	23.6	7 311 052
Cash flow per share (cents)	5.8	0,40

Group Statement of Cash Value Added
FOR THE YEAR ENDED 31 MARCH

	2010 US$
CASH GENERATED	
Cash derived from sales	314 746 391
Cash payments to suppliers of materials, facilities & services	(168 930 505)
Cash value added	145 815 886
Cash utilised to:	
Remunerate employees for their services	44 285 016
Pay income, sales and excise taxes to Government	79 240 491
Pay lenders as a return on monies borrowed	607 095
CASH DISBURSED AMONG STAKEHOLDERS	124 132 602
CASH RETAINED IN THE BUSINESS	
NET CASH RETAINED	21 683 284

Group Statement of Changes in Total Equity

FOR THE YEAR ENDED 31 MARCH

	Notes	2010 US$
Total equity at the beginning of the year		118 420 426
Share capital issued of the parent	17	12 147 912
Recognition of share based payments	18	1 093 918
Earnings attributable to shareholders of the parent		35 952 108
Earnings attributable to non-controlling shareholders		(418 782)
Non-controlling shareholder's interest in discontinued operations	20	(5 256 587)
Total equity at the end of the year		161 938 995

Notes to the Group Financial Statements

1. ACCOUNTING POLICIES

The principal accounting polices of the Group, which are set out in note 4, are in all material respects, consistent with those applied in the previous year, except as indicated in note 3.

2. MATTERS OF EMPHASIS IN RESPECT OF REPORTING

2.1 CURRENCY OF REPORTING

With effect from 1 February 2009, Zimbabwe adopted a multiple currency regime, whereby a number of foreign currencies became legally acceptable for transactions within the country. Shortly after that date the Zimbabwe Dollar, which had been subject to severe inflation, ceased to be used.

The financial statements for the year ended 31 March 2009 were shown primarily in Zimbabwe Dollars. These did not comply with International Financial Reporting Standards (IFRS), due to the absence of accurate inflation indices.

At 31 March 2009, values in the Statement of Financial Position were converted to United States Dollars. To do this all asset, liability and equity amounts were recorded based on originating US$ values or on a conversion of the original Z$ value using the market exchange rate applicable to the transaction at the time. This represented a change in the functional currency as at the end of that year in respect of the Statement of Financial Position and formed the basis for future reporting.

These financial statements are shown in United States Dollars, the adopted functional currency of the Group.

2.2 COMPARATIVE FIGURES

Comparative figures are shown only in respect of the Statement of Financial Position, and related notes. Due to the prevailing economic environment pervasive in the prior year, it is not possible to convert reliably the prior year Zimbabwe dollar figures into their equivalent United States dollar figures or in a manner consistent with the requirements of International Accounting Standard (IAS) 21: The Effects of Changes in Foreign Exchange Rates and IAS 29: Financial Reporting in Hyperinflationary Economies. The Directors are of the opinion that any attempts to convert these amounts would be misleading to the users of the financial statements.

In so far as comparative figures are missing in respect of the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, and related notes, these financial statements do not comply with the requirements of IFRS.

3. CHANGE IN ACCOUNTING POLICIES AND RECENT ACCOUNTING DEVELOPMENTS

3.1 CHANGE IN POLICY IN RESPECT OF RETURNABLE CONTAINERS

The accounting policy for returnable containers has been changed to more accurately reflect industry accounting treatment of such containers. Containers on hand were previously treated as a component of inventory and no account was taken of containers in the market or of the company's obligation to purchase them back at container deposit value. Under the new policy, containers on hand are treated as a component of property, plant and equipment. In addition a further asset is shown in property, plant and equipment, together with its matching liability which is shown in short-term liabilities, to reflect the estimated value of the returnable container population in the market and the Group's obligation to buy those containers back from the market at the container deposit value.

3.1 CHANGE IN POLICY IN RESPECT OF RETURNABLE CONTAINERS (Continued)

This policy has not resulted in any change to comprehensive income in either the current period or past periods. In the Statement of Financial Position there is no impact on reserves, but there have been changes to the disclosure of assets and liabilities, and prior year figures have been adjusted to reflect this change in policy. The following changes have been made:

	2010 US$	2009 US$
Increase in property, plant and equipment	36 483 201	19 759 404
Decrease in inventories	22 717 626	14 239 929
Increase in short-term liabilities	13 765 575	5 519 475

It has not been practical to quantify the impact of the change on the Statement of Financial Position at 31 March 2008, due to the hyperinflationary conditions which existed at that time; accordingly disclosure has not been made as is required by IFRS.

3.2 STANDARDS AFFECTING PRESENTATION AND DISCLOSURE

The following new and revised Standards have been adopted in the current year in these financial statements.

- IAS 1: Presentation of Financial Statements has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
- Amendments to IFRS 7: Financial Instruments expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional relief offered in these amendments.

3.3 STANDARDS AND INTERPRETATIONS ADOPTED WITH NO EFFECT ON THE FINANCIAL STATEMENTS

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

- IFRS 8: Operating Segments is a disclosure Standard that requires re-designation of the Company's reportable segments based on the segments used by the "Chief Operating Decision Maker" to allocate resources and assess performance
- Amendments to IFRS 2: Share-based Payment – Vesting Conditions and Cancellations
- IAS 23: Borrowing Costs elimination of the option to expense all borrowing costs when incurred.
- Amendments to IAS 32: Financial Instruments: Presentation and IAS 1: Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRIC 13: Customer Loyalty Programmes
- IFRIC 15: Agreements for the Construction of Real Estate
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation
- IFRIC 17: Distributions of Non-cash Assets to Owners
- IFRIC 18: Transfers of Assets from Customers (adopted in advance of effective date of transfers of assets from customers received on or after 1 July 2009)
- Improvements to IFRSs (2008) Amendments to IFRS 5, IAS 1, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41 resulting from the May and October 2008 Annual Improvements to IFRSs (Majority effective for annual periods beginning on or after 1 January 2009).

Notes to the Group Financial Statements continued

3.4 APPLICABLE STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following Standards and Interpretations were potentially applicable to the Group, were in issue but were not yet effective. Other standards and interpretations in issue are considered by the Directors not to have potential relevance to the Group.

- IFRS 2: Share-based Payment – Amendment relating to Group cash-settled share based payment (effective for annual periods beginning on or after 1 January 2010);
- IFRS 3: Business Combinations – Comprehensive revision on applying the acquisition method and consequential amendments to IAS 27, IAS 28 and IAS 31 (effective for annual periods beginning on or after 1 July 2009);
- IAS 7: Statement of Cash Flows. The amendments specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. (effective for periods beginning on or after of 1 January 2010)
- IAS 17: Leases. This amends the classification of leases to be either 'finance' or 'operating' using the general principles of IAS 17.
- IAS 27: Consolidated and Separate Financial Statements – Amendment relating to Cost of an Investment in a Subsidiary (effective for annual periods beginning on or after 1 July 2009);
- IAS 32: Financial Instruments: Presentation – Amendments relating to classification of Rights Issue (effective for annual periods beginning on or after 1 February 2010);
- IAS 39: Financial Instruments: Recognition and Measurement – Amendments relating to Eligible Hedged Items (effective for annual periods beginning on or after 1 July 2009);
- Other amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 38 and IAS 39 resulting from the April 2009 Annual Improvements to IFRSs (Majority effective for annual periods beginning on or after 1 January 2010);
- IFRIC 9: Reassessment of Embedded Derivatives;
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 July 2009);
- IFRIC 17: Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009); and
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010).

Management anticipates that the adoption of these Standards and Interpretations in future years will have no material financial impact on the financial statements of the Group in the year of initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) except for the non-compliance with IAS 1, "Presentation of Financial Statements". The reasons for this are provided in note 2.2.

4.2 BASIS OF PREPARATION

The financial statements of the Company and of the Group are prepared under the historical cost convention except for the fair valuation of financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

4.3 BASIS OF CONSOLIDATION

The consolidated financial statements consist of the financial statements of Delta Corporation Limited and its subsidiaries, together with an appropriate share of post acquisition results and reserves of its associated companies. All companies' financial years end on 31 March with the exception of three associates, Food and Industrial Processors (Private) Limited and Schweppes Zimbabwe Limited, which have 31 December year ends and African Distillers Limited which has a 30 June year end. The results and reserves of subsidiaries and associated companies are included from the effective dates of acquisition up to the effective dates of disposal.

On acquisition, the assets, 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. Where the cost of acquisition is below the fair values of the identifiable net assets acquired the gain is credited to profit and loss in the period of acquisition.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders are stated at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Any losses applicable to the non-controlling interests in excess of the non-controlling 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.

4.4 INVESTMENTS IN ASSOCIATES

The results, 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 statement of financial position 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. Where the cost of acquisition is below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition, the discount on acquisition is credited to 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 incurred by an associate may provide evidence of an impairment of the asset transferred, in which case, appropriate provision is made for impairment.

4.5 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

4.5 NON-CURRENT ASSETS HELD FOR SALE (Continued)

When the Group is committed to a sale plan involving cessation of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described in the previous paragraph are met, regardless of whether or not the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of selling.

4.6 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.

4.7 FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign assets and liabilities of the Group are converted to United States Dollars at the rates of exchange ruling at the end of the financial year. Transactions in other currencies are translated to United States Dollars 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 statement of comprehensive income in the determination of operating income.

4.8 BORROWING COSTS

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

4.9 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated 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 values 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

Returnable containers

Returnable containers which comprise bottles and crates are considered to be property, plant and equipment which are sold and re-purchased at current deposit prices. There is an obligation to re-purchase 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 cost of purchasing new returnable containers and the related current deposit price is included in property, plant and equipment and disclosed as deferred container expenditure. Deferred container expenditure is amortised over four years ("expected useful life of containers") following the year of purchase.

In the event of an increase in deposit prices the deferred container expenditure is reduced by subsequent increase. Gains arising from the deposit price increase of containers on hand after reducing deferred container expenditure to nil are shown as income. Increases in deposit prices of containers in the market are credited to current liabilities which indicate the Groups obligation to purchase the containers at the new deposit price. The value of any returnable containers scrapped is charged to the statements of comprehensive income.

4.10 INTANGIBLE ASSETS

Intangible assets with an indefinite useful life are carried at cost.

Internally-generated intangible assets:

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

4.11 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL.

Tangible and intangible 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 the higher of fair value less costs to sell and 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 rates of return. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Impairment losses are recognised as an expense in the statement of comprehensive income 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 statement of comprehensive income. 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.

4.12 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 expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, and the liability is disclosed in a share options reserve which forms part of equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve 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.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service.

4.13 INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost is determined on the following bases:

Merchandise, raw materials and consumable stores are valued at cost on a weighted average cost basis. Manufactured finished products and products in process are valued at raw material cost, plus labour and a portion of manufacturing overhead expenses, where appropriate.

4.14 FINANCIAL INSTRUMENTS

Financial instruments are initially recorded at fair value which usually approximates cost. Subsequent to initial recognition, financial instruments, with the exception of certain fixed maturity investments, are remeasured at fair value. Fixed maturity investments which the Group intends to hold to maturity are amortised over the life of the instrument based on the underlying effective interest rate.

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 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 statement of financial position and statement of comprehensive income respectively.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Subsequent measurement is at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

4.15 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. 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.

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

4.16 TAXATION

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income 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 temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. 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 deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit not the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 end of the reporting period. 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 end of the reporting period, 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 intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

4.17 RETIREMENT BENEFIT COSTS

Retirement benefits are provided for Group employees through various independently administered defined contribution funds, including the National Social Security Authority. Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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

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

4.18 LEASE PAYMENTS

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed

4.19 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

4.20 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies 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 outcomes 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 estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical judgements in applying accounting policies

- **Share based payments**

  The operating environment impacted on the application of Black-Scholes option pricing model. The valuation of the share options took into consideration the adverse economic conditions that existed in the market leading to trade ceasing on the Zimbabwe Stock Exchange and a change in functional currency. The economic fundamentals that existed during the Zimbabwe dollar trading period and the more recent US$ trading period have impacted significantly on the valuation of share options. In valuing share options issued subsequent to the change in functional currency the Group adopted provisions of International Financial Reporting Standard (IFRS) 2 which states that a newly listed entity could consider the historical volatility of similar entities following a comparable period in their lives. The Group has, for this purpose, considered a listed entity within beverages industry which is also a related party. Management have assumed that the economic conditions that prevailed in the country prior to dollarization and the subsequent re-opening of the Zimbabwe Stock Exchange are similar to a new listing for the purposes of valuing the share options. The Group has used the historical volatility and dividend yield of similar entities following a comparable period in their lives. A sensitivity analysis showing the impact of different valuation methods has been disclosed in note 17.4.

The assumptions and methodology underlying the valuation of share based payments are fully described in note 17.

- **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 4 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 original cost.

- **Impairment of goodwill**
  Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The Group did not have any goodwill arising from investments in the current year

- **Containers in the market**
  In determining the quantity of useable containers in the market the population is determined based on the actual purchases of containers for the past five years which is the estimated useful life for each container.

5. DEFINITIONS

5.1 TAXED INTEREST PAYABLE

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

5.2 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).

5.3 NET ASSETS

These are equivalent to shareholders' equity.

5.4 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.

5.5 TAXED OPERATING RETURN

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

5.6 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 denominator is 1 138 092 253 : (2009 – 1 068 801 452). Fully diluted earnings per share is disclosed on the statement of comprehensive income. Dilution arising in respect of share options granted amounts to 5,56% and 7,12% for 2010 and 2009 respectively.

5.7 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:-

	2010 US$
Earnings attributable to shareholders	35 533 326
Adjusted for	
Non-cash items	11 823 882
Equity accounted retained earnings	616 555
Deferred tax	(9 211 635)
Add: Non-controlling shareholders' interests' share of adjustments	39 864
Cash equivalent earnings	38 801 992

5.8 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.

5.9 FINANCIAL GEARING RATIO

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

6. COUNTRY OF INCORPORATION AND CURRENCY

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

7. SEGMENTAL REPORTING

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

8. REVENUE

Sales proceeds	263 718 249
Excise and levies	36 361 261
Value added tax	43 176 443
Other	6 335 227
Less: intra-group sales	(25 123 562)
	324 467 618
Export sales included above	2 597 496

Notes to the Group Financial Statements continued

		2010 US$
9.	**OPERATING INCOME**	
	Operating income is arrived at after charging/(crediting):-	
9.1	**NET OPERATING COSTS**	
	Sundry operating income	
	Changes in inventories of finished goods and work in progress	2 352 867
	Raw materials and consumables used	97 717 252
	Depreciation expense (note 9.2)	10 318 200
	Staff costs	44 285 017
	Reversal of over provision in retrenchment costs	(240 537)
	Excise, levies and value added tax	79 537 704
	Share option expenses	1 093 918
	Other operating expenses	50 799 256
		285 863 677
9.2	**DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT**	
	Buildings	1 550 480
	Plant and equipment	4 254 082
	Vehicles	2 029 060
	Containers	2 484 578
		10 318 200
9.3	**AUDITORS' REMUNERATION**	
	Current year audit fees and expenses	334 700
9.4	**NET LEASING EXPENSE**	
	Lease payments:	
	– Minimum lease payments	832 936
10.	**NET FINANCING EXPENSE**	
	Interest income:	
	– Short-term loans and investments	24 275
	Interest expenditure:	
	– Short-term borrowings	(607 095)
	Exchange losses	(202 406)
		(785 226)

Notes to the Group Financial Statements continued

		2010 US
11. TAXATION		
11.1 TAXATION CHARGE		
Income tax:		
Current	– Standard	10 634 906
	– AIDS levy	319 047
	– Withholding tax	448 929
Deferred taxation	– Current year	4 837 220
	– Rate adjustment	(14 048 855)
		2 191 247
11.2 RECONCILIATION OF RATE OF TAXATION		
		%
Standard rate		30,9
Adjusted for:		
Effect of expenses not deductible for tax		7,43
Effect on deferred tax balances due to the change in income tax rate		33,55
Effects of associates loss		0,45
Effective rate		5,23
11.3 DEFERRED TAX LIABILITIES		
Balance at beginning of year		37 262 539
Deferred tax on entities disposed off		(5 331 069)
Arising from the change in tax rate		(14 048 855)
Charge to statement of comprehensive income		4 837 220
Balance at end of year		22 719 835
Analysis of balance at end of year:		
Property, plant and equipment		22 719 835

Notes to the Group Financial Statements continued

	2010 US$	2009 US$
12. PROPERTY, PLANT AND EQUIPMENT		
FREEHOLD PROPERTIES		
Cost	95 664 003	114 506 183
Accumulated depreciation	(47 096 183)	(35 897 144)
	48 567 820	78 609 039
LEASEHOLD PROPERTIES		
Cost	–	928 199
Accumulated depreciation	–	(4 842)
	–	923 357
PLANT AND EQUIPMENT		
Cost	203 312 987	134 816 253
Capital work in progress	15 180 750	75 560
	218 493 737	134 891 813
Accumulated depreciation	(153 880 226)	(116 581 075)
	64 613 511	18 310 738
VEHICLES		
Cost	44 606 572	44 586 947
Capital work in progress	87 355	–
	44 693 927	44 586 947
Accumulated depreciation	(31 990 160)	(31 454 768)
	12 703 767	13 132 179
CONTAINERS		
Containers on hand	22 717 626	14 239 929
Containers in the market	13 765 575	5 519 475
	36 483 201	19 759 404
Total property, plant and equipment	162 368 299	130 734 717
Movement in net book amount for the year:		
At beginning of the year	130 734 717	–
Uplift of property, plant and equipment	–	131 346 781
Disposal of discontinued operations	(11 324 094)	–
Capital expenditure	47 620 166	395 363
Disposals	(1 151 497)	–
Increase in deposit value of containers in the market	6 807 207	–
Depreciation charged to operating income	(10 318 200)	(1 007 427)
At end of the year	162 368 299	130 734 717

Notes to the Group Financial Statements continued

	2010 US$	2009 US$
12. PROPERTY, PLANT AND EQUIPMENT (Continued)		
Capital expenditure comprised:		
Freehold properties	584 905	50 002
Leasehold properties	–	203 340
Plant and equipment	31 962 479	141 962
Vehicles	1 968 599	–
Containers	13 104 183	–
	47 620 166	395 304
Disposals comprised:		
Freehold properties	413	–
Plant and equipment	461 160	–
Vehicles	689 924	–
	1 151 497	–
Original cost of fully depreciated assets still in use:		
Plant and equipment	5 576 225	5 830 623
Vehicles	690 748	669 273
	6 266 973	6 499 896
13. INVESTMENT IN ASSOCIATES		
Share at cost	2 923 309	2 393 309
Post acquisition reserves	3 971 653	134 932
	6 894 962	2 528 241

13. INVESTMENT IN ASSOCIATES (Continued)

Analysis of results and statement of financial position of associates.

	2010 African Distillers Limited	2010 Schweppes Zimbabwe Private Limited
Shares at cost	2 393 309	530 000
Gain arising on acquisition	–	4 453 276
Accumulated group share of post acquisition distributable reserves	(743 350)	261 727
	1 649 959	5 245 003
Total assets	12 691 879	30 215 395
Total liabilities	(6 849 313)	(19 511 307)
Net assets	5 842 566	10 704 088
Groups' share of net assets of associate	1 649 959	5 245 003
Total revenue	11 456 440	12 146 935
Total (losses)/profit for the year or period	(3 087 009)	534 137
Group's share of (losses)/profits of associates for the period	(878 282)	261 727

Acquisition of Associate

With effect from 1 January 2010 the Group acquired a 49% share of Schweppes Zimbabwe Limited for $530 000. The remaining 51% is held by management and employees through a share ownership trust companies.

Assets and liabilities acquired as at 1 January 2010

	2010 US$
Non-current assets	
Plant and equipment	22 600 549
Current assets	
Cash and & cash equivalents	570 208
Trade and other receivables	4 034 125
Inventories	2 476 377
Current liabilities	
Trade and other payables	(5 521 082)
Non-current liabilities	
Deferred tax liabilities	(4 144 010)
Long term liabilities	(9 846 215)
Net asset value	10 169 952
Net asset value attributable to the Group	4 983 276
Consideration on acquisition	(530 000)
Gain arising on acquisition	4 453 276

13. INVESTMENT IN ASSOCIATES (Continued)

The purchase agreement allows for the purchase by the incoming shareholders, for a nominal amount, of certain amounts owing to the seller in the event that certain market development milestones are met by the management of Schweppes Zimbabwe Limited. This could result in a further gain on acquisition. No amount has been accrued in respect of this.

The fair value of the Group's interest in African Distillers (Private) Limited, which is listed on the stock exchange in Zimbabwe, was US$4 056 553 (2009 – US$1 893 058).

The reporting date of African Distillers (Private) Limited is 30 June and Schweppes Zimbabwe Limited is 31 December. For the purpose of applying the equity method of accounting, the financial statements of the associates for the year ended 31 December 2009 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 March 2010.

	2010 US$	2009 US$
14. INVESTMENTS LOANS AND TRADEMARKS ASSETS		
14.1 INVESTMENTS		
Shares at cost	87 070	–
14.2 LOANS		
Unsecured	1 121 678	107 146
14.3 TRADEMARKS		
At cost	2 913 818	2 913 818
Total	4 122 566	3 020 964

14.4 Included in the Group's unsecured loans of $1 121 678 are loans of $389 309 to Directors and Officers of the Group. These are made in terms of a Group Housing Loan Scheme. During the year $322 779 was advanced and $25 800 was repaid.

15. INVENTORIES

	2010 US$	2009 US$
Consumable stores	16 314 844	9 381 567
Finished products	5 908 943	3 187 756
Raw materials	28 117 148	14 463 700
Products in process	1 079 289	1 447 609
Total	51 420 224	28 480 632

	2010 US$	2009 US$
16. TRADE AND OTHER RECEIVABLES		
Trade receivables	14 272 830	4 551 603
Prepaid expenses and other receivables	8 608 970	3 221 423
Total	22 881 800	7 773 026

Trade receivables disclosed above include amounts which are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are considered recoverable. The amount due includes interest accrued after the receivable is over 60 days outstanding. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

	2010	2009
Ageing of past due but not impaired		
60 – 90 day	917 818	
90 – 120 days	890 323	
Average (days)	15	

17. ISSUED CAPITAL

17.1 AUTHORISED SHARE CAPITAL

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

17.2 ORDINARY SHARES ISSUED AND FULLY PAID

	2010 Number of shares millions	2009 Number of shares millions
At beginning and end of year	1 093	1 049
Exercise of share options	26	11
Employee empowerment scheme	–	20
Allotment to SABMiller	40	13
At end of year	1 159	1 093

The original par value of issued shares has been reduced to nil by the restatement of the Zimbabwe Dollar under hyperinflation and its subsequent conversion to United States Dollars. Issued share capital therefore comprises share premium arising.

	2010 US$	2009 US$
17.2 ORDINARY SHARES ISSUED AND FULLY PAID		
Issued share capital		
Issued capital at beginning of year	17 227 370	–
Arising on allotment to SABMiller for asset purchase	12 000 000	4 000 000
Share Options	147 912	–
Gain on asset uplift	–	13 227 370
Issued capital at end of year	29 375 282	17 227 370

17.3 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 comprising 241 123 985 (2009 –306 305 271) ordinary shares has been placed at the disposal of the Directors for an indefinite period.

17.4 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 prior to the granting of the options. Each employee share option converts into one ordinary share of Delta Corporation Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The number of shares subject to option is approved by shareholders in general meeting, and the number of options granted is calculated in accordance with the performance-based formula approved by the Remuneration Committee.

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

	Subscription	Number of Shares	
Date of Grant	**Prices US$**	**2010**	**2009**
15 January 2004	–	–	180 000
13 May 2005	–	–	25 000
13 May 2006	–	–	10 600 000
4 August 2006	–	–	500 000
11 November 2006	–	50 000	5 550 000
11 May 2007	–	21 125 000	24 400 000
2 January 2008	–	30 200 000	34 830 000
1 March 2009	0,150	15 600 000	16 540 000
8 May 2009	0,150	2 085 000	–
2 January 2010	0,505	11 268 000	–
		80 328 000	92 625 000

17.4 SHARES UNDER OPTION (Continued)

	2010 US$	2009 US$
Movement in share options during the year.		
Number outstanding at beginning of year	92 625 000	89 107 500
New options granted during year	13 383 000	16 540 000
Exercised during year	(25 725 000)	(10 697 600)
Reinstated/(forfeited) during year	45 000	(2 324 900)
Number outstanding at end of year	80 328 000	92 625 000

All options expire, if not exercised, ten years after the date of grant.

The weighted average price of exercise of share options and the weighted average stock exchange price on the date of exercise were $0,01 and $0,46 respectively. Shares forfeited had an average exercise price of $0,01

Share options granted under the employee share option plan carry no rights to dividends and no voting rights.

In terms of the company share option scheme, options were granted on 8 May 2009 and 2 January 2010. The estimated fair value of the options granted on those dates was $148 400 and $2 661 800 respectively. The Group recognised total expenses of $1 093 918 in respect of share options granted. The options granted in May 2009 vest after four years and the options granted in January 2010 vest after three years and, accordingly, the fair value will be amortised over those periods.

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

Date of Issue	**JANUARY 2010**	**MAY 2009**
Grant date share price – US$	0,505	0,150
Exercise price	0,505	0,150
Expected volatility	22,5%	22,5%
Dividend yield	2,1%	2,1%
Risk-free interest rate	10%	10%

Expected volatility and dividend yield was determined as detailed earlier by reference to an entity in a similar industry and market (SABMiller) due to the circumstances that prevailed in the country. Ordinarily the historical volatility of the Company's share over four years and dividend yield realised is the basis of calculation. The expected life is based on experience over a ten year period, but the life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions as regards closed periods and behavioural considerations.

17.4 SHARES UNDER OPTION (Continued)

Share options sensitivity analysis

Volatility based on longest period of trade in US$.

IFRS 2 recognises limitations to the use of a volatility determined based on the experience of a newly listed entity which does not have sufficient information on historical volatility and therefore allows an alternative which computes historical volatility for the longest period for which trading activity is available. This alternative assumes nil dividends based on the results for the previous four years. The analysis below provides the impact of the valuation of shares had this alternative been applied and its impact of the financial statements:

Date of Issue	**JANUARY 2010**	**MAY 2009**
Grant date share price	0,505	0,150
Exercise price	0,505	0,150
Maximum volatility	150%	150%
Dividend yield	0%	0%
Risk-free interest rate	8,1%	8,1%
Impact on financial statements		
Decrease in profit	(337 468)	
Increase in share option reserve	337 468	

Intrinsic value method

IFRS 2 also recommends the use of intrinsic value in the valuation of share options where the value of the option cannot be measured reliably. The Group also considered the use of this alternative and has provided a sensitivity analysis showing the impact of on the financial statements had this alternative been used in the valuation of share options.

Impact on financial statements	
Increase in profit	49 836
Decrease in share option reserve	(49 836)

The Directors are of the opinion that due to the thinning of the market as a result of the change in functional currency during this period, the use of these two methods would not be appropriate for the valuation of the share options for the current year.

17.5. DIRECTORS' SHAREHOLDINGS

At 31 March 2010, the Directors held directly and indirectly the following number of shares in the Company:

	2010	2009
L E M Ngwerume	7 000	–
E R Mpisaunga	–	290 000
R H M Maunsell	4 319 782	2 769 782
H C Sadza	764	7 449
M S Mushiri	5 512 408	4 112 408
J S Mutizwa	–	4 009 243
R M Mupawose	44 316	44 316
	9 884 270	11 233 198

No changes in Directors' shareholdings have occurred between the financial year end and 7 May 2010, being the date of the last meeting of the Directors.

	2010 US$	2009 US$
18. SHARE OPTIONS RESERVE		
At beginning of year	1 123 224	
Recognition of options granted	1 093 918	
Transfer to retained income	(671 017)	
At the end of year	1 546 125	
19. RETAINED EARNINGS		
At beginning of year	91 661 877	
Attributable earnings for the year	35 952 108	
Transfer from share options reserve	671 017	
At end of year	128 285 002	
Retained in Holding Company		
Subsidiaries and arising on consolidation	128 901 557	91 642 558
Associated companies	(616 555)	19 319
	128 285 002	91 661 877
20. NON-CONTROLLING SHAREHOLDERS INTEREST		
At beginning of year	8 407 955	
Share of attributable earnings for the year	(418 782)	
Non-controlling shareholders share of discontinued operations	(5 256 587)	
At end of year	2 732 586	

	2010 US$	2009 US$
21. SHORT-TERM BORROWINGS		
Short term loans	15 000 000	472 280

Short-term borrowings are unsecured, 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 $161 938 995.

The outstanding balances are repayable within twelve months.

Short-term borrowings bear interest in accordance with ruling short-term money market rates. An average of 10% per annum was applicable to the outstanding balance.

22. TRADE AND OTHER PAYABLES

	2010 US$	2009 US$
Trade payables	12 144 823	4 654 565
Obligation for containers in the market	13 765 575	5 519 475
Current tax payable	5 257 253	-
Accruals and other payables	24 172 422	15 000 757
	55 340 073	25 174 797

The average credit period on purchases of certain goods is 30 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

23. CASH FLOW INFORMATION FROM CONTINUING OPERATIONS

23.1 CASH GENERATED FROM TRADING

	2010 US$
Operating income	38 603 941
Depreciation	10 318 200
Loss on disposal of property, plant and equipment	613 039
Other non cash items	892 643
	50 427 823

23.2 UTILISED TO (INCREASE)/DECREASE WORKING CAPITAL FROM CONTINUING OPERATIONS

	2010 US$
Increase in inventories	(25 843 042)
Increase in trade and other receivables and short-term loans	(15 650 995)
Increase in containers in the market	(8 246 100)
Increase in trade and other payables	27 926 453
	(21 813 684)

	2010 US$
23.3 INCOME TAX PAID	
Liability at beginning of year	–
Taxation provided (see note 11)	(11 402 882)
Liability at end of year	5 257 253
	(6 145 629)
23.4 MOVEMENTS IN SHORT TERM BORROWINGS	
Liability at beginning of year	472 280
Discontinued operations	(472 280)
Amounts drawn	15 000 000
Balance at end of year	15 000 000
23.5 INCREASE IN SHAREHOLDER FUNDING	
Proceeds of shares issued:	
By the Company	12 147 912
	12 147 912
23.6 CASH AND CASH EQUIVALENTS	
Made up as follows:	
Bank balances and cash	7 311 052
	7 311 052

Non-cash transactions

During the 2010 financial year, the Group entered into the following non-cash investing and financing activities which are not reflected in the statement of cash flows: the Group disposed of the assets and liabilities in a loss making subsidiary with a net liability value of $360 496 for nil consideration see note 27.

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.

2010	Purchases of goods US$	Royalties & Technical fees US$	Rental Payments US$	Amounts owed to related parties US$
SABMiller Companies	8 140 361	5 820 446	–	(12 845 138)
Associates	305 780	–	–	(100 562)
Delta Pension Fund	–	–	248 479	–
	8 446 141	5 820 446	248 479	(12 945 700)

24. RELATED PARTY TRANSACTIONS (Continued)

2009	Amounts owed to related parties US$
SABMiller Companies	(1 155 165)

Sales and purchases of goods were carried out at normal commercial prices. Rentals are market related and are determined by an independent third party. The amounts outstanding are unsecured and will be settled on normal terms. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

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

	2010 US$
Short-term benefits	843 079
Post-employment benefits	171 079
Share based payments	514 261
	1 528 419
Included in the above amounts are the following in respect of directors' emoluments:	
Paid by subsidiaries:	
For services as directors	53 894
For managerial services	947 715
	1 001 609

The remuneration of directors and key manangement is determined by the remuneration committee having regard to the performance of individuals and market trends. The grants of share options to participants under the 2005 and 2008 schemes during the period 2005 to 2009 were increased to take into account the changes in the tax profile on the exercise of the options and the use of the share options as an avenue for skills retention. This has resulted in the grants to executive directors exceeding the guidelines on individual limits per the Zimbabwe Stock Exchange regulations.

Other related party transactions

Included in additions for property plant and equipment are technical support fees paid to SABMiller relating to the construction of the plant amounting to $12 000 000 for the year.

	2010 US$	2009 US$
25. NET FUTURE OPERATING LEASE COMMITMENTS		
Lease payments:		
– Payable within one year	772 725	
– Payable two to five years	1 212 311	
	1 985 036	

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.

26. COMMITMENTS FOR CAPITAL EXPENDITURE

	2010 US$	2009 US$
Contracts and orders placed	16 868 909	–
Authorised by Directors but not contracted	39 625 196	29 828 304
	56 494 105	29 828 304

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

27. DISCONTINUED OPERATIONS

Disposal of Ariston Holdings Limited.
With effect from 30 September 2009 the Group sold its shareholding in Ariston Holdings Limited. The Group owned an effective 40% and consolidated the entity as subsidiary by virtue of effective control.

Disposal of assets and liabilities of Headend (Private) Limited.
With effect from 31 December 2009 the Group transferred its rights in the assets and liabilities of Headend Private Limited, a glass manufacturing entity in which the Group controlled an effective 90% in the operations.

	Ariston Holdings Limited	Headend (Private) Limited
The consolidated results of the discontinued operations are as follows:		
Revenue	2 071 659	6 865 768
Expenses	(4 515 879)	(9 808 228)
Loss before tax	(2 444 220)	(2 942 460)
Attributable income tax expense	971 186	264 435
Loss for the year from discontinued operations	(1 473 034)	(2 678 025)

27. DISCONTINUED OPERATIONS (Continued)

	Ariston Holdings Limited	Headend (Private) Limited
Analysis of assets and liabilities which were sold:		
Non-current assets		
Property, plant and equipment	9 282 273	934 448
Biological assets	5 178 320	–
Current assets		
Cash and cash equivalents	46 179	7 861
Trade receivables	417 509	589 579
Inventories	846 771	2 153 366
Investment non-group	25 650	–
Current liabilities		
Trade and other payables	(1 348 457)	(3 832 630)
Non-current liabilities		
Deferred tax	(4 634 794)	(213 120)
Net assets/(liabilities) disposed of	9 813 451	(360 496)
Cash flows from discontinued operations:		
Net cash inflows from operating activities	(323 929)	(104 401)
Net cash inflows from investing activities	212 881	–
Net cash outflows from financing activities	10 604	–
	(100 444)	(104 401)
Gains arising on disposal:		
Consideration received	4 000 000	–
Net assets disposed of	(9 813 451)	360 496
Non-controlling interests	5 861 573	(188 422)
Profit on disposal of discontinued operations	48 122	172 074
Net cash inflow on disposal of subsidiaries:		
Consideration received in cash and cash equivalents	4 000 000	–

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 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 $200 per month (2009 – not capped) for each employee.

	2010 US$
28.3 PENSION COSTS RECOGNISED AS AN EXPENSE FOR THE YEAR	
Defined contribution funds	3 486 268
National Social Security Authority Scheme	1 275 236
	4 761 504

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 established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

29.4 LIQUIDITY RISK MANAGEMENT (Continued)

Liquidity and Interest rate tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. All interest rate cash flows are fixed in nature. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted average effective interest rate %	Less than 1 month US$	1–3 months US$	Total US$
31 March 2010				
Fixed interest rate instruments	10	2 000 000	13 000 000	15 000 000

In prior year there were no contractual maturity financial liabilities.

The Group has access to financing facilities of which US$10 500 000 were unused at the end of the reporting period. The Group expects to meet its other obligations from operating cash flows.

	2010 US$	2009 US$
FINANCING FACILITIES		
Unsecured bank loan facility, with various maturity dates through to 2011		
Amount used	15 000 000	472 280
Amount unused	10 500 000	–

29.5 CREDIT RISK MANAGEMENT

Potential concentrations of credit risk consist principally of short-term cash and cash equivalent investments and trade receivables. The Group deposits short-term cash surpluses only with major banks of high credit standing. Trade receivables comprise a large, widespread customer base and Group companies perform on-going credit evaluations of the financial condition of their customers. The Group uses publicly available financial information and its own trading records to rate its major customers. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Risk Management Committee annually. The Group does not have significant credit risk exposure to any single trade receivable. Concentration of credit risk did not exceed 10% for any counter-party. The credit risk on liquid funds is limited because the counter-parties are banks with high credit ratings assigned by international credit-rating agencies.

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.

29.7 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximizing the return to stakeholders. The capital structure of the Group consists of net debt (comprising borrowings as offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings). The Group is not subject to any externally imposed capital requirements. The Group has a target gearing ratio of 20% determined as the proportion of net debt to equity. The gearing ratio is 4,7 % in current year and was nil in prior year.

29.8 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

COMPANY STATEMENT OF FINANCIAL POSITION
AT 31 MARCH

	Notes	2010 US$	2009 US$
ASSETS			
NON-CURRENT ASSETS			
Investments in associates		1 649 959	2 528 241
Investment in subsidiaries	A	87 120	87 120
Loans to subsidiaries		16 147 912	4 000 000
		17 884 991	6 615 361
TOTAL ASSETS		17 884 991	6 615 361
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Issued capital	17	29 375 282	17 227 370
Accumulated loss		(11 490 291)	(10 612 009)
TOTAL EQUITY		17 884 991	6 615 361
AS AT 31 MARCH			
A INVESTMENT IN SUBSIDIARIES			
Shares at cost less provisions		87 120	87 120

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 all business units.

At Delta, we have developed and adopted social responsibility programmes that demonstrate our commitment to assisting the communities that provide the market for our various businesses.

Protecting the environment and our people is an obligation – not a choice.

Consequently:

In order to fulfil this obligation Delta will:

- Conduct environmental impact assessments when establishing new facilities;
- Utilise the best available technology to limit emissions and effluents, improve land eco-efficiencies and waste recovery;
- Support research into the protection of the environment;
- Conform to prescribed and self determined environmental, health and safety standards;
- Support and promote supplies of environmental friendly products and services;
- Promote continuous improvement in safety, health and environmental performance aspects which impact on employees, customers and the community through setting standards in a process of proactive risk management, subject to internal and external compliance;
- Involve employees and their representatives in participative endeavours to agree and implement health and safety improvement programmes;
- Engage in community based projects that assist in all levels of education, develops sporting capacity and provides assistance to medical institutions;
- Provide education and training to employees in preventative health care, first aid and safety procedures;
- Develop and implement standards to achieve the highest industry safety standards;
- Provide on-site or adjacent primary health clinic facilities where possible for employees;
- Support research initiatives into dreaded diseases in Africa;
- Promote environmental awareness, responsibility, and training among all employees and the public at large;
- Continuously monitor and audit the environmental status of all its operations;
- Use raw materials and resources prudently;
- Promote the recycling and reprocessing of waste materials; and
- Ensure management accountability for the fulfilment of this obligation.

Delta Corporation Limited is a member of:

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

J S Mutizwa
Chief Executive Officer
7 May 2010

Portfolio of Businesses

GROUP STRUCTURE

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

SCHWEPPES ZIMBABWE LIMITED
Bottling of Non-carbonated cordials
2 Plants
Mazoe, Calypso, Ripe & Ready, Still Water

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

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

DIRECTORATE & MANAGEMENT

FRONT: M J Bowman, Prof H C Sadza, Dr R M Mupawose, J S Mutizwa, R H M Maunsell, L E M Ngwerume.
BACK: C F Dube, Dr M S Mushiri, E R Mpisaunga, K Mandevhani, S J Hammond, T N Sibanda.
NOT IN PICTURE: G J van den Houten.

Board of Directors

CHAIRMAN
Dr R M Mupawose
B.Sc.; MSc(Agron)., Phd. ~

CHIEF EXECUTIVE OFFICER
J S Mutizwa
B.Sc.Soc.Sc.(Hons); MBA * ~

EXECUTIVE DIRECTORS

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) ~
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

Group Management Committee

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
D Mange	B.Sc; MBL	General Manager – Information Technology
G T Mutendadzamera	LLB	Corporate Affairs Executive
Dr M G Nyandoroh	B.Sc (Hons); M.Sc; Phd	General Manager – Beverage Operations (South)
M Pemhiwa	BSc Psych; MBA	Human Resources Executive
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

Notice to the Members

Notice is hereby given that the Sixty Third Annual General Meeting of Members of Delta Corporation Limited will be held at the Registered Office of the Company at Northridge Close, Borrowdale on Wednesday 28 July 2010 at 12:00 hours for the following purposes.

ORDINARY BUSINESS

1. STATUTORY FINANCIAL STATEMENTS
   To receive and adopt the Financial Statements for the year ended 31 March 2010, together with the Report of Directors and Auditors thereon.

2. To appoint Directors
   Mr C F Dube and Prof H C Sadza are due to retire by rotation. Both being eligible, they will offer themselves for re-election. Mr K Mandevhani is due to retire by rotation and does not offer himself for re-election. The Chairman, Dr R M Mupawose retires from the Board at the end of July 2010.

3. Directors Fees
   To approve the payment of Directors' fees for the year ended 31 March 2010.

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

SPECIAL BUSINESS

1. RE-DENOMINATION OF SHARE CAPITAL
   To Resolve:

a) That the Authorised capital of the Company be re-denominated from from one billion four hundred million (1 400 000 000) ordinary shares of Zimbabwe Dollar 5 cents (ZWD 2006 currency) to fourteen million dollars (US$14 000 000) comprising one billion four hundred million (1 400 000 000) ordinary shares of one cent (US$0,01) each.

b) That the directors be authorised to transfer from share premium an equivalent of the nominal value of issued share capital as at 31 July 2010 to fund the re-domination.

c) And further that the Articles of Association of the company be amended accordingly.

2. AMENDMENT TO DELTA SHARE OPTION SCHEME 2010

a) To ratify the awards of share options granted during the period 2005 to 2009 in terms of the 2005 and 2008 Share Option Schemes.

b) To approve the inclusion in the 2010 Share Option Scheme Rules a clause that sets the maximum number of share options thyat can be granted to each participant.

BY THE ORDER OF THE BOARD

A MAKAMURE
Company Secretary

Sable House, Northridge Close
Borrowdale' Harare
Zimbabwe, 30 June 2010

Shareholders Analysis and Calendar

Size of Shareholding	Number of Shareholders	%	Issued Shares	%
1 to 5 000	5 912	77,9	5 476 897	0,5
5 001 to 10 000	465	6,1	3 355 431	0,3
10 001 to 25 000	438	5,8	6 975 110	0,6
25 001 to 50 000	236	3,1	8 461 195	0,7
50 001 to 100 000	172	2,3	12 160 043	1,0
100 001 to 500 000	245	3,2	53 391 697	4,6
Over 500 000	118	1,6	1 069 055 642	92,3
	7 586	**100,0**	**1 158 876 015**	**100,0**

Category				
Local Companies	749	9,9	57 837 529	5,0
Foreign Companies	6	0,1	428 790 079	37,0
Pension Funds	262	3,5	179 132 553	15,5
Nominees, local	194	2,6	164 176 195	14,2
Nominees, foreign	9	0,1	30 762 180	2,7
Insurance Companies	60	0,8	132 013 687	11,4
Resident Individuals	5 318	70,1	57 516 748	5,0
Non Resident Individuals	279	3,7	37 517 421	3,2
Investments & Trusts	551	7,3	65 595 915	5,7
Fund Managers	60	0,8	4 299 563	0,4
Deceased Estates	6	0,1	12 344	0,0
Other Organisations	92	1,2	1 221 801	0,1
	7 586	**100,0**	**1 158 876 015**	**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 3361 employees who participate in the two schemes.

Shareholder	**2010**	%	2009	%
SABMiller Zimbabwe BV	211 426557	18,2	170,970,271	15,6
Rainer Inc.	193 137 519	16,7	193 137 519	17,7
Old Mutual Life Assurance Co.	127 740 813	11,0	123 033 776	11,3
Old Mutual Zimbabwe Ltd	126 410 974	10,9	159 901 083	14,6
Barclays Bank Nominees (PVT) LTD	105 061 500	9,1	–	0,0
Barclays Bank Nominees (PVT) LTD NNR	89 717 085	7,7	63 914 339	5,9
Stanbic Nominees (Pvt) Ltd NNR	89 005 902	7,7	–	0,0
Delta Employees Share Participation Trust Co	28 065 949	2,4	28 870 949	2,6
Fed Nominees P/L	24 108 000	2,1	28 180 299	2,6
Browning Investments NV	22 178 835	1,9	22 178 835	2,0
Remo Nominees	–	0,0	32 852 352	3,0
Other	142 022 881	12,3	269 655 306	24,7
	1 158 876 015	100,0	1 092 694 729	100,0

Shareholders Analysis and Calendar continued

MAJOR SHAREHOLDERS	2010	%	2009	%
Old Mutual	254 151 787	21,9	282 934 859	25,9
SABMiller	426 742 911	36,8	386 286 625	35,4
	680 894 698	**58,8**	**669 221 484**	**61,2**
RESIDENT AND NON-RESIDENT SHAREHOLDERS				
Resident	721 379 419	62,2	700 565 924	64,1
Non-Resident	437 496 596	37,8	392 128 805	35,9
	1 158 876 015	**100,0**	**1 092 694 729**	**100,0**

The residency of a shareholder is based on place of domicile as recorded in the share register as defined for Exchange Control purposes and does not denote status in terms of the indigenisation regulations.

SHARE PRICE INFORMATION

Mid Range Price (US cents) at:	
30 June 2009	40,00
30 September 2009	61,10
31 December 2009	50,00
31 March 2010	47,50
Price Range:	
Highest: 28 September 2009	61,10
Lowest: 8 April 2009	20,00

CALENDAR

Sixty Third Annual General Meeting	**28 July 2010**
Financial Year End	**31 March 2011**
Interim Reports:	**Anticipated Dates:**
6 months to 30 September 2010	**November 2010**
12 months to 31 March 2011 and final dividend declaration	**May 2011**
Dividend Payment Date – final	**July 2011**
Annual Report Published	**July 2011**

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DELTA CORPORATION
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