The Future Is In Our Brands

Contents Of The Annual Report

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

Values Statements

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

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

Chairman's Statement

Introduction

I am pleased to report to you an excellent set of results achieved under a challenging but improving economic operating environment. Your Company has continued to invest for recovery and growth, seeking and capturing the available opportunities. We have delivered on our goal to grow the business for the benefit of all the stakeholders whilst providing an attractive return for our shareholders.

Volumes And Operations Report

Total beverage volumes for the year to March 2011 of 5,8 million hectolitres were up 15% on prior year driven by a strong lager beer and sparkling beverages demand. Lager beer volumes were up 40% to 1,61 million hectolitres, a level last achieved in 1998. Sparkling beverages volumes were up 53% whilst sorghum beer was down 7%.

The contribution of our premium brands and packages is steadily increasing and new products and packages were introduced, affording the consumer more choice. We made market share gains across all the beverage categories. At February 2009, when the Company converted to using United States dollars, the Company sold a brand pack combination in beverages of 50 separate units, by 31 March 2011 this had risen to 102. This rapid expansion of product offerings played a critical role in allowing the Company to consolidate its market share across all beverage categories.

We continued to strategically invest in the business and it is pleasing to see the new capital expenditure contributing to improved throughput supporting the growth in volumes and delivering better efficiencies. Major investments this year included a new 42 000 bottles per hour lager beer packaging line at Belmont, Bulawayo, a new PET bottling line at Graniteside, Harare and returnable glass bottles and plastic crates. We are also investing to localise production of the newly established Maheu brands. This starch based non–carbonated and non–alcoholic beverage was, during the year under review, imported from an associate company in Zambia.

Financial Results

Revenue grew by 45% to $408 million driven by increased total volume, the higher contribution from premium products and the modest price increases effected largely to mitigate the cost escalations induced by the Rand and Euro strength against the United States dollar.

Chairman's Statement

Operating income at $68,2 million was up 77% against a revenue growth of 45%. Operating margins improved by 370 basis points from 15,8% to 19,5% due to increased capacity utilisation, better efficiencies from the new packaging lines and a product mix that favours higher margin product lines. The net finance costs at $2 million are due to short term borrowings that averaged below $25 million during the year. Attributable earnings from associates represent our proportionate share of profits and acquisition gains from Schweppes Zimbabwe and the losses recorded by African Distillers Limited following their retrenchment and reorganisation exercise.

Total assets grew 36% reflecting capital expenditure of $82 million and increased working capital to support the volume growth.

The economy continues to be constrained by the absence of longer term capital forcing the Company to focus on the working capital optimisation. The apparent mismatch between current assets and current liabilities arises from the oddity from the accounting treatment of the liability to holders of containers in the market as a current liability while the related asset is shown as part of property, plant and equipment. This has increased the current liabilities and fixed assets by $22 million.

Net debt remained low at $19 million. Borrowing has been constrained by the short term nature of available funding lines. Given the strong financial position, the business has capacity to take on additional debt instruments in order to optimise the funding for both capital expenditure projects and working capital.

We made market share gains across all the beverages categories.

Cashflow from operations improved almost four fold to $81million augmented by improved supplier terms. The bulk of the cash was utilised to finance the capital expenditure programme after provision for a conservative dividend pay out.

Chairman's Statement – Continued

Dividend

The board has recommended a final dividend of 1 US cent per share to be paid to shareholders on 8 June 2011. This brings the total dividend for the year to 1,5 US cents per share (US$0,015) reflecting a dividend cover of 3 times.

Rewarding Our Stakeholders

Our continued recovery and recapitalisation has been rewarded with a rise in the share price resulting in our market capitalisation closing the year at $827 million, a growth of 50% for the year. By early May 2011 there had been further growth to $969 million.

Our growth has a broad based positive impact ranging from a total of $98 million paid in excise duty and other taxes to fiscus and putting 7 000 hectares under the irrigated winter barley crop and inputs support for a number of sorghum farmers.

Directors

Mr R H M Maunsell will retire from the Group and as a Director at the end of June 2011 after serving for eleven years as Group Treasurer and Financial Director. His significant contribution to the Group, particularly during the turbulent period of hyperinflation, is greatly appreciated.

Sustainable Development

In line with best practice, a comprehensive Sustainable Development report is incorporated in this annual report. This sets out our key priorities and the on–going initiatives to address issues relating to the environment, the workplace and our communities. The Group's social investment programs continue to positively impact the lives of many Zimbabweans whilst safety and health at the workplace remain key areas of focus.

Human Resources

The industrial relations environment remained cordial during the year although the labour market was strained by the expectations of high wage increases in an environment of low inflation and depressed productivity at a national level.

The Company has embarked on a Human Resource Development Programme which is aimed at the identification and development of managers and business leaders. A number of executive employees

DELTA CORPORATION LIMITED • ANNUAL REPORT 2011

Chairman's Statement – Continued

were sent on secondments with our partners at Coca Cola and SABMiller Africa whilst some attended development programs at leading training institutions. Training programmes for middle management have been accelerated and the progress is encouraging. The Company has 377 apprentices whose training is focused towards producing multi–skilled plant operators with ability to operate and care for the technologically advanced packaging lines that we are investing in. The number of graduate trainees has been increased by the addition of another 31 trainees during the current year.

Future Prospects

The focus in the year ahead will be on revenue growth through a combination of overall volume growth, increasing the premium beverage segment contribution and installation of more capacity in the Sparkling Beverages business with a new packaging line set to be commissioned at the Graniteside plant by August of this year. This should result in a steady and sustainable growth in our earnings.

Appreciation

I would like to take this opportunity to thank my fellow Directors and management for the excellent results, their support and wise counsel during the year and I look forward to our continued success in the coming year.

C F Dube
Chairman
6 May 2011

The Future Is In Our Brands

"Consumer spend increased by 50% to about $600 million."

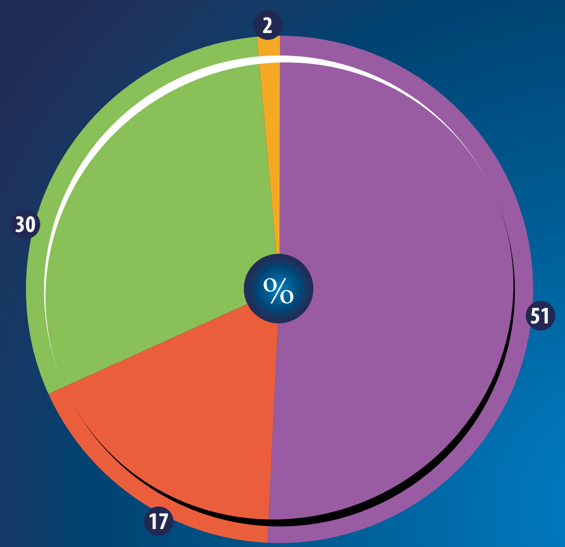
Review Of Operations

The Beverages Business

The year under review was characterised by very robust demand for our beverage products with consumer spend increasing by 50% to about $600 million.

A significant shift in spend on alcoholic beverages was evident as supply of lager beer improved following the investment in bottling capacity. Lager beer now commands 74.4 % of alcoholic beverages consumer spend up from 65 % in 2010. Independent market research indicates our share of the lager beer category is at 96 %. Sparkling Beverage spend was equally strong and captured category share of 97 % by volume in our franchise territory as of March 2011. Super Maheu which was introduced during the year on an import basis shows considerable potential.

As transactions at the consumer level are hampered by the limited circulation of coins, prices have tended to drift beyond our recommended retail prices, hampering our efforts to deliver products at competitive prices to the consumer.



CONSUMER SPEND
APRIL 2010 TO MARCH 2011
(US$ MILLION)

Lager	$303.6
Sorghum Beer	$104.0
Sparkling Beverages	$181.5
Maheu	$8.8

"Consumer Spend" is a measure of the amount spent on the Group's beverage products by the consumers. It thus differs from revenue by the inclusion of retail mark–up which accrues to entities outside the Group. It is commonly used in the industry to measure the level of economic activity directed towards a certain group of products.

DELTA CORPORATION LIMITED • ANNUAL REPORT 2011

Lager Beer Business

Lager volumes for the year were very strong as availability improved significantly on the back of the investment in two new 42 000 bottles per hour packaging lines, one line in Harare in October 2009 and the second in Bulawayo in November 2010.

The market place has a fresh new look following our aggressive investment programme in new containers and refreshed packaging graphics which has significantly improved the overall appeal of our lager beer brands.

This was matched by an equally focused effort toward investment in cold drink equipment which improves product merchandising and acceptability. To this end, 2 753 branded lager coolers were placed in the market during the year. Our outlet base of just under 8 000 customers continued to grow with 300 additional customers licensed to trade during the year. We have underpinned market development by rolling out a presence programme through the creation of brand houses and revamping our outdoor advertising.

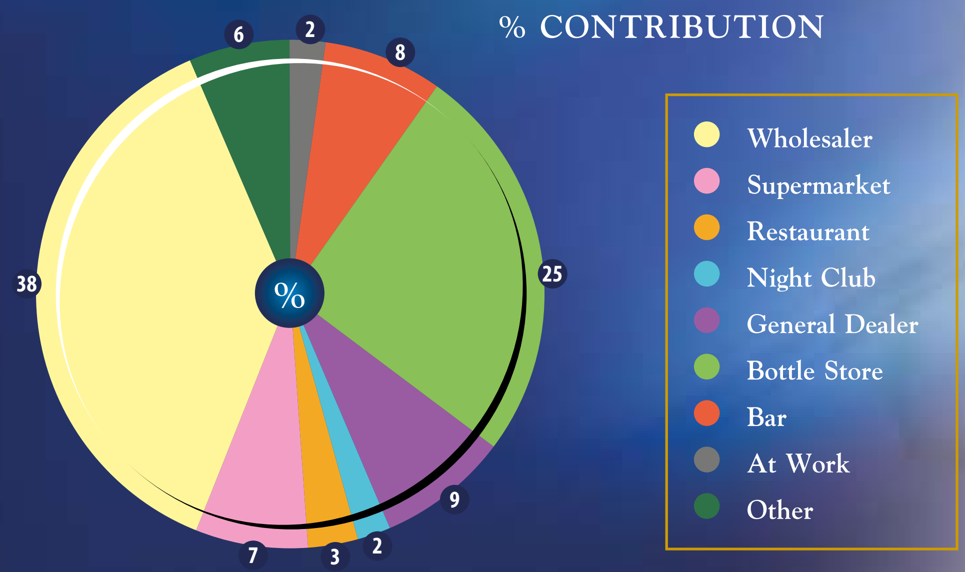
These initiatives have generated ever improving customer and consumer satisfaction so much so that lager beer sales for the year were slightly shy of 1997/98 volumes whilst the December 2010 volume was the best monthly figure ever.

The development of quality brands that are relevant, contemporary and that meet the needs of our consumer's drinking occasions continues to be the major preoccupation of the organisation. Notable investments behind our brands have ranged from the re–entry into football sponsorship with brand Castle, hosting of international musicians and supporting the Arts with brand Lion. Golden Pilsener was successfully re–launched as a premium beer during the year and performance has exceeded management expectation. Our local brands have been well complemented by imported SABMiller international brands which are playing a meaningful role at premium drinking occasions.

Investments in packaging lines and ancillary equipment have transformed operations by increasing output and reducing production losses. The adoption of world class manufacturing programmes and international best practice complemented the capital investment projects thus allowing greater efficiency and effectiveness in sustainably utilising resources.

" Initiatives have generated ever improving customer and consumer satisfaction "

LAGER BEER TRADE CHANNEL SALES
% CONTRIBUTION



Sorghum Beer Business

Whilst consumer spend for the year was up 6% compared to the previous year,

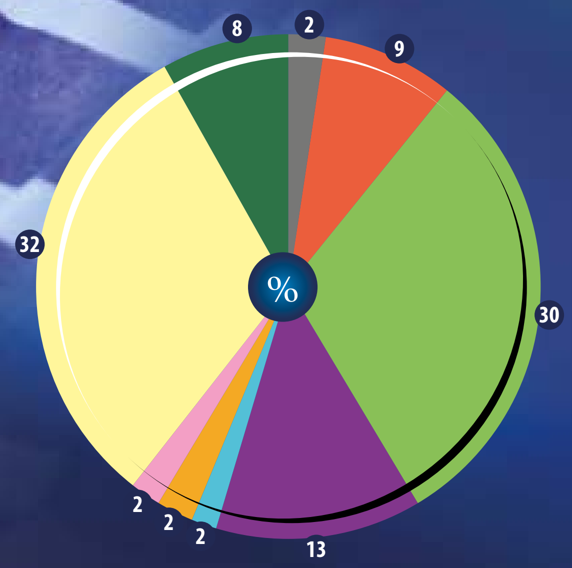
the volume out turn was 7% below prior year, due to a combination of a swing towards lager beer consumption and shifting consumption within a number of traditional local authority draught beer strongholds.

Chibuku continues to perform well in the traditional beer category commanding just over 90% market share. With a shelf life of just 4 days it is through our wide distribution network out of 15 breweries countrywide, supported by a depot and wholesale network that we are able to service over 7000 customers nationwide. Product and packaging developments designed to enhance our consumer offering are ongoing.

Through the Chibuku Road to Fame and Neshamwari brand properties, the brand continues to remain relevant and very much a part of the social fabric of Zimbabwean legal drinking age consumers.

"Chibuku continues to perform well in the traditional beer category commanding just over 90% market share."

SORGHUM BEER TRADE CHANNEL SALES % CONTRIBUTION



DELTA CORPORATION LIMITED • ANNUAL REPORT 2011

Sparkling Beverage Business

This category has been extremely dynamic and very strong demand was evident during the year.

Investments in a new PET packaging line capable of producing a number of pack sizes, new lightweight glass for the core brands and reconfiguration of the bottling plant have enabled us to capture this value. Nevertheless availability of the popular 300 ml pack trailed demand.

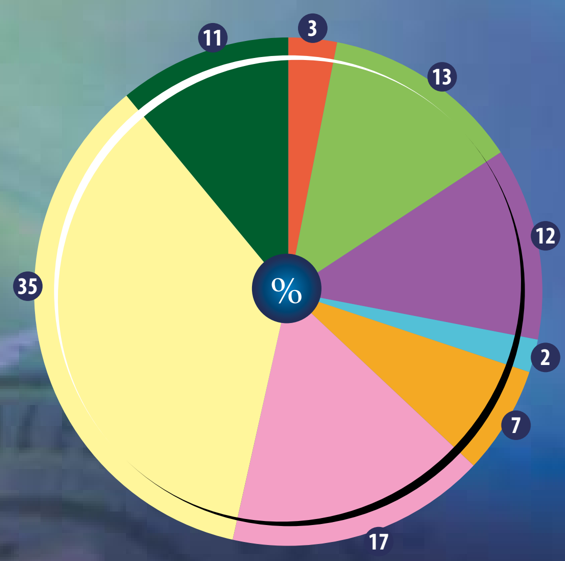
A new bottling line procured during the course of 2010 will come on stream in July 2011 ahead of peak and address this supply gap.

Marketing and trade investment for the year has been substantial as new packaging for the core brands was rolled out, supported by substantial investments in cold drink and merchandising equipment. A total of 4000 new coolers were placed in the market during the year to support this cold chain initiative. Collaboration with our customers enabled us to transform and refresh the market place through in–store and outdoor advertising.

To address all consumption occasions, the portfolio was further strengthened with the introduction of 34 new brand and pack combinations, notably the Schweppes sparkling flavoured drinks, the two litre PET, Schweppes mixers and Burn, an exciting product in the fast growing energy drink category.

"A new bottling line procured during the course of 2010 will come on stream in August 2011 ahead of peak."

SPARKLING BEVERAGES TRADE CHANNELS SALES % CONTRIBUTION



- Wholesaler
- Supermarket
- Quick Service Restaurants
- Informal
- General Dealer
- Bottle Store
- Bar
- Other

Review of Operations

MAHEU BUSINESS

In order to take advantage of the growing traditional non–alcoholic maize based beverage category, we introduced the Super Maheu brand on the basis of importation. Performance has been exciting with a project underway to localise production during 2011 thus improving availability and cost competitiveness.

TRANSPORT

In order to service the customer base our Transport Service Division has, through a combination of new vehicle purchases and vehicle reconditioning, supplied the operations with a running fleet of over 200 vehicles and 400 trailers travelling over 8 million kilometres in the year.

Cost per kilometre travelled is a key determinant of efficiency. Management was able to manage this cost driver extremely well during the year in large measure as a result of the investment in a GPS based vehicle tracking and monitoring system which enables real time management of the fleet thus more effectively utilising vehicles as well as minimising cost leakages.

MEGAPAK ZIMBABWE

The plastic packaging volumes sold for the year, at 5 796 tonnes, were 27% up on last year. This is the highest annual tonnage ever recorded for this business. This performance was recorded despite the numerous disruptions to production arising from electrical power outages. Diesel power generators were installed during the year to cover the large injection and blow moulding factories.

The large injection moulding factory recorded a volume growth of 35%, realising benefits from the new injection moulding machine which was installed in September 2009. The demand for secondary packaging remained firm, particularly the bread and beverage crates. The PET packaging sales volumes

Review of Operations

increased by 32% driven by the reintroduction of soft drinks in the PET pack from July 2010. However, the edible oils sector remained subdued while the cordials sectors recorded a mixed performance as our customers experienced difficulties with working capital, and the availability of potable water and sugar supplies.

The blow moulding factory witnessed some decline in the demand for 'Scud' bottles and closures from the sorghum beer business but total volumes increased by 20% due to a surge in drum sales particularly to the retail and chemicals sectors.

Margins were satisfactory although there were cost pressures arising from the escalation in international polymer and PET resin prices which moved in sympathy with crude oil prices. A number of projects were undertaken to improve factory efficiencies and to eliminate water usage in the cooling systems in the large injection moulding factory.

MALTINGS BUSINESS

The barley intake from the 2010 winter crop was 27 746 tonnes from a total harvest of above 30 000 tonnes derived from 6753 hectares contracted for the season. There was a slight improvement in yields from 4.3 tonnes per hectare recorded in 2009 to 4.5 tons per hectare recorded in the current year. These fell short of the target of above 5 tons/ha. This was attributed to the severe electrical power outages particularly at the barley's critical grain filling stage, a warmer winter which led to an aphid outbreak and heavy quelea bird damage experienced in most areas. These problems led, in several cases, to grain of poor quality which failed to meet intake quality specifications.

The current barley stocks provide adequate cover for domestic lager beer production requirements. The contracts for the 2011 crop will be curtailed to rationalise the stock position in the absence of exports.

The 2010 crop comprised mainly the Hope variety while the new Sierra variety which has now been approved for use in most of the beer brands constituted 20% of the total crop. A number of new varieties are under development with two of them set for field trials in 2011. The research and development work being undertaken focuses on improving the agronomic, malting and brewing performances of the barley varieties being developed for future commercial production.

"The current barley stocks provide adequate cover for domestic lager beer production requirements."

Review of Operations

Maltings Business – Continued

The agricultural value chains in Zimbabwe remain relatively more expensive than those obtaining internationally and in the sub–region. This has made it difficult for the business to reclaim its traditional export markets. There are on–going engagements with farmers' organisations and suppliers of agricultural inputs with a view to inducing price and cost competitiveness as well as improving farm productivity and yields in an attempt to ensure that the locally produced crop and its downstream products become internationally competitive.

Malting operations have benefited from the improved throughput driven by the strong domestic lager beer volume. The plant experienced unprecedented electrical power outages during the year which resulted in the delay in fulfilling toll malting commitments which had been made to a regional export customer. The reliability of electricity supply remains a critical factor in the quest for the export customers as this affects the ability of the business to commit to both product quality and delivery schedules.

The sorghum malting operations were relocated to the recently acquired malting plant at Aspindale in Harare and all the sorghum malt requirements for the year were produced in–house. Exports of sorghum malt remain elusive due to the relatively expensive agricultural value chains in the country. Total output was lower than prior year due to the decline in the national sorghum beer volumes.

The research work on the sorghum varieties is on–going with some two promising varieties earmarked for field trials in the summer of 2011.

Review of Operations

SCHWEPPES ZIMBABWE LIMITED

The beverage volumes for the year ended December 2010 were 59% up on prior year on an undiluted basis, reaching a historic high for the business. This trend has continued into the first quarter to March 2011, with volumes 21% higher than the prior period. Demand for the products remains firm with the Mazoe Orange Crush, which constitutes 65% of total volumes, maintaining a dominant market share in the dilutables segment.

A juice category was added to the portfolio through the Minute Maid brand in both the PET and carton packs currently through importation. Major capital expenditure will be incurred this year to expand production and localise the production of juice drinks.

Profitability remains satisfactory despite the cost pressures from the escalation in international sugar prices. The after tax share of profits from this investment which is accounted for as an associate company amounted to $1.8 million for the year to March 2011; in addition to this a $2.9 million gain arising on acquisition was recorded.

The business continues to rely on local juice concentrates with some supplements from imports to cover the off season periods.

The focus for the current year to December will be to consolidate the volume growth and improve margins.

The beverage volumes for the year ended December 2010 were 59% up

Report of the Directors

The Directors present their Sixty–Fourth Annual Report and the Audited Financial Statements of the Group for the year ended 31 March 2011.

YEAR'S RESULTS

The year's results are presented in United States Dollars (US$) which is the functional currency applicable to the Group.

	US$000
Earnings attributable to Shareholders	53 012
Transfer from share option reserve	643
	53 655
Less Dividends	
Interim $0.005 per share paid December 2010	5 901
Final $0.01 per share payable June 2011	11 816
Add	
Distributable Reserves at the beginning of the year	128 285
Distributable Reserves at the end of the year (net of proposed dividends)	164 223

Property, Plant And Equipment

Capital expenditure (inclusive of returnable containers) for the year to 31 March 2011 totalled US$82.1 million. The capital expenditure for the year to 31 March 2012 is planned at $67.3 million.

Investments

The Company's effective shareholding in African Distillers Limited is 28,4% and in Schweppes Zimbabwe Limited is 49%.

Share Capital

The authorised share capital of the Company was re–denominated to US$14 000 000 comprising 1,400,000,000 ordinary share of US$0.01 (one cent) each. The issued share capital has increased by the allotment of 22 735 000 ordinary shares in accordance with the share option schemes. The number of ordinary shares in issue is now 1 181 611 015.

The issued share capital has been restated in United States dollars to US$29 571 326 comprising nominal capital of US$11 816 110 and share premium of US$ 17 755 216. The number of shares currently under option is 63 239 500. The share capital of all subsidiary companies were also redenominated to US Dollars.

Dividends

The Board declared an interim dividend of 0.5 US cents per share and a final dividend of 1.0 US cent per share. This brings the total dividend in respect of the year ended 31 March 2011 to 1.5 US cents per share.

Reserves

The movements in the Reserves of the Group and the Company are shown in the Statement of comprehensive income, Group and Company Statements of Changes in equity and in the Notes to the Financial Statements.

Directors

The Board notes the retirement of former chairman Dr R M Mupawose at the end of July 2010. He was replaced as chairman of the Board by Mr C F Dube who was his deputy.

Mr R H M Maunsell will retire from the Company and as a Director at the end of June 2011 after serving for eleven years as Group Treasurer and Financial Director. His significant contribution to the Group, particularly during the turbulent period of hyperinflation is appreciated.

Messrs E R Mpisaunga and L E M Ngwerume together with Dr M S Mushiri are due to retire by rotation. All being eligible, they will offer themselves for re–election.

Report of the Directors – Continued

Board Attendance

(From 1 April 2010 to 31 March 2011)

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

Auditors

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

Annual General Meeting

The Sixty–Fourth Annual General Meeting of the Company will be held at 12:00 hours on Wednesday 27 July 2011 at the Registered Office of the Company.

BY ORDER OF THE BOARD

C F DUBE
Chairman

J S MUTIZWA
Chief Executive

A MAKAMURE
Company Secretary

6 May 2011

Corporate Govenance at Delta

The Delta Code

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

Stakeholders

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

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

Directorate

The Board of Directors of Delta is constituted with an equitable ratio of executive directors 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 and internal auditors have unrestricted access to the Audit Committee.

The Remuneration Committee

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

Corporate Governance And Risk Management

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

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

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

Directors' Responsibility for Financial Reporting

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

The Directors have reviewed the Group's budget and cash flow forecast for the year to 31 March 2012. 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 24.

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 2011, which appear on pages 26 to 63 were approved by the Board of Directors on 6 May 2011 and are signed on its behalf by:

F DUBE
Chairman

J S MUTIZWA
Chief Executive

Report of the Independent Auditors

Deloitte.

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") on pages 26 to 63, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position at 31 March 2011, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated 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) and statutory instruments (SI 33/99 and SI 62/96). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Delta Corporation Limited and its subsidiaries as at 31 March 2011 and its financial performance 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 current period financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03) and statutory instruments (SI 33/99 and SI 62/96).

Deloitte & Touche

Deloitte & Touche
Zimbabwe
20 June 2011

DELTA CORPORATION LIMITED • ANNUAL REPORT 2011

Financial Statements

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

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH

	Notes	2011 US$ 000	2010 US$ 000
CONTINUING OPERATIONS			
REVENUE	8	408 001	281 291
NET OPERATING COSTS	9	(339 763)	(242 687)
OPERATING INCOME		68 238	38 604
Gain on acquisition of associate	14	2 895	4 453
Profit on disposal of discontinued operations		–	221
Net financing cost	10	(1 981)	(785)
Share of profit / (loss) from associates	14	902	(617)
		70 054	41 876
Income tax expense	11	(15 940)	(2 191)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		54 114	39 685
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations		–	(4 151)
Other comprehensive income		–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		54 114	35 534
Profit for the year from continuing and discontinued operations attributable to:			
Owners of the parent		53 012	35 953
Non–controlling interest		1 102	(419)
		54 114	35 534
Profit for the year from continuing operations attributable to:			
Owners of the parent		53 012	38 964
Non Controlling interest		1 102	721
		54 114	39 685
Weighted average shares in issue (millions)		1 176,9	1 138,1
EARNINGS PER SHARE (CENTS)			
From continuing and discontinued operations			
Attributable earnings basis	5.6	4,50	3,16
Fully diluted basis	5.6	4,35	2,99
Cash equivalent basis	5.7	5,91	3,45
From continuing operations			
Attributable earnings basis		4,50	3,42
Fully diluted basis		4,35	3,24

DELTA CORPORATION LIMITED ○ ANNUAL REPORT 2011

Consolidated Statement of Financial Position

AS AT 31 MARCH

	Notes	2011 US$ 000	2010 US$ 000	2009 US$ 000
ASSETS				
Non–Current Assets				
Property, plant and equipment	12	226 969	162 368	130 735
Biological assets		–	–	5 928
Investments in associates	14	10 692	6 895	2 528
Investments, loans and trademarks	15	10 034	4 123	3 021
		247 695	173 386	142 212
Current Assets				
Inventories	16	67 877	51 420	28 481
Trade and other receivables	17	26 376	22 882	7 773
Cash and cash equivalents		5 159	7 311	2 864
		99 412	81 613	39 118
Total Assets		347 107	254 999	181 330
EQUITY AND LIABILITIES				
Capital and Reserves				
Issued capital	18	29 571	29 375	17 227
Share options reserve	19	2 240	1 546	1 123
Retained earnings	20	176 039	128 285	91 662
Equity attributed to equity holders of the parent		207 850	159 206	110 012
Non–controlling interest	21	3 767	2 733	8 408
Total Shareholders' equity		211 617	161 939	118 420
Non–Current Liabilities				
Deferred tax liabilities	11	22 811	22 720	37 263
		22 811	22 720	37 263
Current Liabilities				
Short–term borrowings	22	24 175	15 000	472
Trade and other payables	23	88 504	55 340	25 175
		112 679	70 340	25 647
Total Equity and Liabilities		347 107	254 999	181 330
Net asset value per share (Cents)		17.66	13.74	10.07

F DUBE
Chairman

J S MUTIZWA
Chief Executive

6 May 2011

Consolidated Statement of Cash Flow

FOR THE YEAR ENDED 31 MARCH

	Notes	2011 US$ 000	2010 US$ 000
Cash retained from operating activities			
Cash generated from trading	24.1	85 905	50 428
Decrease/(increase) working capital	24.2	5 756	(21 814)
Cash generated from operating activities		91 661	28 614
Net financing cost		(1 981)	(785)
Income tax paid	24.3	(8 392)	(6 146)
Net cash retained from operating activities		81 288	21 683
Cash utilised in investment activities			
Increase in loans and investments		(5 400)	(1 016)
Purchase of property, plant and equipment to expand operations		(42 617)	(11 248)
Purchase of property, plant and equipment to maintain operations		(39 526)	(36 372)
Proceeds from disposal of property, plant and equipment		701	538
Proceeds from disposal of discontinued operations		–	4 000
Net cash Invested		(86 842)	(44 098)
Cash generated from financing activities			
Dividends paid	24.4	(5 969)	–
Movement in short–term borrowings	24.5	9 175	15 000
Increase in shareholder funding	24.6	196	12 148
Net cash Generated from financing activities		3 402	27 148
Net movement in cash and cash equivalents		(2 152)	4 733
Cash and cash equivalent at the beginning of the year from continuing operations		7 311	2 578
Cash and cash equivalent at the end of the year	24.7	5 159	7 311
Cash flow per share (cents)	5.8	6,77	0,40

DELTA CORPORATION LIMITED • ANNUAL REPORT 2011

Consolidated Cash Value Added Statement

FOR THE YEAR ENDED 31 MARCH

	2011 US$ 000	2010 US$ 000
CASH GENERATED		
Cash derived from sales	467 277	314 746
Cash payments to suppliers of materials, facilities & services	(202 359)	(168 931)
Cash value added	264 918	145 815
Cash utilised to :		
Remunerate employees for their services	53 684	44 285
Pay income, value added and excise taxes to Government	128 009	79 240
Paid to lenders as a return on monies borrowed	1 937	607
Provide shareholders with cash dividends	5 969	–
CASH DISBURSED AMONG STAKEHOLDERS	189 599	124 132
CASH RETAINED IN THE BUSINESS		
NET CASH RETAINED	75 319	21 683

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH

	Notes	2011 US$ 000	2010 US$ 000
Total shareholders' equity at the beginning of the year		**161 939**	118 420
Share capital issued of the parent	18	**196**	12 148
Recognition of share based payments	19	**1 337**	1 094
Earnings attributable to shareholders of the parent		**53 012**	35 953
Dividend paid to shareholders of the parent		**(5 901)**	–
Earnings attributable to non–controlling shareholders		**1 102**	(419)
Dividend paid to non–controlling shareholders		**(68)**	–
Non–controlling interest in discontinued operations		**–**	(5 257)
Total shareholders' equity at the end of the year		**211 617**	161 939

Notes To The Financial Statements

1. GENERAL INFORMATION

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

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

2. MATTERS OF EMPHASIS IN RESPECT 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 (Z$), which had been subject to severe inflation, ceased to be used.

At 31 March 2009, values in the Statement of Financial Position were converted to United States Dollars (US$). To do this all asset, liability and equity amounts were recorded based on originating US$ values or on a conversion for the original Z$ value using the market exchange rate applicable to the transaction at the time to determine the deemed values on the opening statement of financial position.

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

3.1 NEW AND REVISED IFRSs WITH A MATERIAL EFFECT ON CURRENT YEAR FINANCIAL REPORTING

IFRS 1 First–time Adoption of International Financial Reporting Standards (IFRS) (issued December 2010 and effective for periods beginning on or after 1 July 2011). The revisions to this standard provide for certain exemptions for entities which cease to operate in an environment of severe hyperinflation. The revised standard accepts use of the fair values for assets and liabilities as the deemed values at the date of change of functional currency, and requires the following to be presented in the entity's first IFRS financial statements following severe hyperinflation; three statements of financial position, two statements of comprehensive income and two statements of changes in equity and related notes, including comparative information.

The Group has decided to adopt the amendments to this standard ahead of the effective date. This has had the effect in the current year financial reporting of disclosing three statements of financial position together with appropriate notes. The statements of financial position cover the opening position as at 31 March 2009 with deemed US$ balances, the closing position as at 31 March 2010 and the closing position as at 31 March 2011.

In preparing its opening IFRS statement of financial position, the Group has not adjusted amounts previously reported on the date of Change in Functional Currency in 2009 as the methods used in determining the amounts in those reports are in line with the amended IFRS 1. As amounts have not changed, reconciliations of changes to reported amounts as required by the standard have not been presented.

3.2 NEW AND REVISED IFRSs WITH NO MATERIAL EFFECT ON CURRENT YEAR REPORTING

In the current year, the Group adopted the following new and revised IFRSs with no material effect on the financial statements:

- IFRS 2 Share–based Payment (issued June 2009): amendments relating to Group cash–settled share–based payment transactions.
- IFRS 5 Non–current Assets Held for Sale and Discontinued Operations (issued April 2009): amendments clarifying that the disclosure requirements in IFRSs other than IFRS 5.

Notes to the Consolidated Financial Statements

- IFRS 8 Operating Segments (issued April 2009): amendments increasing the level of disclosures for the measure of profit and assets and liabilities for each reportable segment.
- IAS 1 Presentation of Financial Statements (revised April 2009): amendments clarifying that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non–current.
- IAS 7 Statement of Cash Flows (revised April 2009): amendments specifying that only expenditures that result in recognized assets in the statement of financial position can be classified as investing activities in the statement of cash flows.
- IAS 17 Leases (revised April 2009): the amendment requires separation of land and building elements for leases that include both land and buildings for separate classifications as operating or finance leases, and reassessment of the classification of land elements of unexpired leases at the date of adopting the amendments.
- IAS 32 Financial Instruments: Presentation (revised 2009): Clarifies the classification of rights issues denominated in foreign currency as either an equity instrument or a financial liability.
- IAS 36 Impairment of Assets (revised April 2009): For purposes of impairment testing, each unit or combination of units to which goodwill arising on a business combination is allocated should, among other conditions, not be larger than an operating segment as defined in IFRS 8.
- IAS 39 Financial Instruments: Recognition and Measurement (revised April 2009): amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

3.3 NEW AND REVISED IFRSs IN ISSUE, BUT NOT YET EFFECTIVE

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective nor applied by the Group:

- IFRS 3 Business Combinations (issued May 2010): amendment provides clarification that the measurement choice regarding non–controlling interests at the date of acquisition is only available in respect of non–controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation.
- IFRS 7 Financial Instruments: Disclosures (issued May and October 2010): amendment provides clarification on the required level of disclosure about credit risk and collateral held and provides relief from disclosures previously required regarding renegotiated loans. It increases the disclosure requirements for transactions involving transfers of financial assets.
- IFRS 9 Financial Instruments (issued November 2009, amended October 2010): new requirements for the classification and measurement of financial assets and liabilities and for derecognition.
- IAS 12 Income Taxes (revised December 2010): limited scope amendment relating to recovery of underlying assets.
- IAS 24 Related Party Disclosures (revised November 2009): Modifies the definition of a related party and simplifies disclosures for government related entities.
- IAS 27 Group and Separate Financial Statements (revised May 2010): Increases or decreases in ownership interests are dealt with in equity, with no impact on goodwill or profit or loss.
- IAS 34 Interim Financial Reporting (revised May 2010).
- IFRIC 13 Customer Loyalty Programmes (revised 2010).
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments: Provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments.

DELTA CORPORATION LIMITED • ANNUAL REPORT 2011

Notes to the Consolidated Financial Statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 STATEMENT OF COMPLIANCE

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

An exception to this which had previously existed as a consequence of severe hyperinflation which had resulted in the statement of financial position relating to March 2009 not complying with IAS 29 – Financial Reporting in Hyperinflationary Economies and IAS 21 – The Effects of Changes in Foreign Exchange Rates and IAS 1 – Presentation of Financial Statements has been removed by the amendments to IFRS 1 : First–time Adoption of IFRS (issued December 2010 and subject to early adoption in these financial statements).

At 1 February 2009, the Group converted the values in the Statement of Financial Position to United States Dollars. To do this, all asset, liability and equity amounts were recorded based on originating US$ values or on a conversion for the original Z$ value using the market exchange rate applicable to the transaction at the time. The surplus on the restatement of the assets and liabilities was credited to equity. The Group used the resultant deemed values in the opening statement of financial position at 31 March 2009. The use of deemed values in the opening statement of financial position has since been endorsed by the International Accounting Standards Board (IASB) by an amendment to International Financial Reporting Standards ("IFRS") 1 – First–time Adoption of International Financial Reporting Standards.

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 and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. 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.

Notes to the Consolidated Financial Statements

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 and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the 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 in profit and loss in the period of acquisition. Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses 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.

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 above are met, regardless of whether 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 the operating income.

Notes to the Consolidated Financial Statements

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 borrowing 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
Containers	Straight line	4 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. Containers on hand are treated as a component of property, plant and equipment. 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 these containers back from the market at the container deposit value. 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 included in income. Increases in deposit prices of containers in the market are credited to current liabilities which indicate the Group's 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.

Notes to the Consolidated Financial Statements

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 above. 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 an 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,

Notes to the Consolidated Financial Statements

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 entity obtains the goods or the counterparty renders the service.

Cash-settled share-based payment transactions are measured based on the fair value of the goods or services received unless this cannot be reasonably determined in which case the transaction is valued based on the fair value of the underlying shares. Where services are rendered over a period, proportional accrual takes place on a straight line basis. The Group re-measures the fair value of the liability at the end of each reporting period and at the date of settlement using the fair value of the underlying shares, with any changes in fair value being recognised in profit or loss for the period.

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 instruments

Other financial instruments, including borrowings, payables and receivables, 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.

Notes to the Consolidated Financial Statements

4.15 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue comprises sales, fees and rentals. Revenue includes excise duty and value added tax. Intra-group revenue which arises in the normal course of business is excluded from Group revenue.

The Group presents revenue gross of excise duties because unlike value added tax, excise is not directly related to the value of sales. It is not generally recognised as a separate item on invoices. The Group therefore considers excise as a cost to the Group and reflects it as a production cost.

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

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.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group) and the amount of revenue can be measured reliably.

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 reporting 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 nor the accounting profit.

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

Notes to the Consolidated Financial Statements

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 that are recognised outside profit or loss (comprehensive income), 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.

Notes to the Consolidated Financial Statements

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, which are described in note 4, 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 effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation 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. 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 Standards (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 the 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 trading lives. A sensitivity analysis showing the impact of different valuation methods has been disclosed in note 18.4

  The assumptions and methodology underlying the valuation of share based payments are fully described in note 18.

- **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 4.9 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 and impact of technology changes. Heavy motor vehicles are considered to have a residual value, at the end of their 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.

Key sources of estimation uncertainty

- **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 normal period of use 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.

Notes to the Consolidated Financial Statements

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 divisor is 1 176 930 598 (2010 –1 138 092 253). Fully diluted earnings per share is disclosed on the income statement. Dilution arising in respect of share options granted amounts to 3,55% and 5,56% for 2011 and 2010 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 :–

	2011 US$ 000	2010 US$ 000
Earnings attributable to shareholders	53 012	35 953
Adjusted for:		
Non–cash items	17 666	11 824
Share of (loss)/profit of associate	(902)	617
Deferred tax	91	(9 212)
Add: non–controlling interest's share of adjustments	(343)	40
Cash equivalent earnings	69 524	39 222

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 non–controlling 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 (US$).

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.

Notes to the Consolidated Financial Statements

8. REVENUE

	2011 US$ 000	2010 US$ 000
Gross Sales	481 764	324 468
Less VAT and discounts	(73 763)	(43 177)
Revenue	408 001	281 291
Less excise duties	(58 667)	(36 361)
Net Sales	349 334	244 930

9. OPERATING INCOME

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

9.1 NET OPERATING COSTS

	2011 US$ 000	2010 US$ 000
Raw materials and consumables used	150 601	100 070
Depreciation expense (note 9.2)	13 484	10 318
Staff costs	53 684	44 285
Reversal of overprovision in retrenchment costs	–	(241)
Excise duties and levies	58 667	36 361
Share option expense (note 19)	1 337	1 094
Other operating expenses	61 990	50 800
	339 763	242 687

9.2 DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

	2011 US$ 000	2010 US$ 000
Buildings	1 412	1 550
Plant and equipment	6 798	4 254
Vehicles	1 758	2 029
Containers (Deferred container expenditure)	3 516	2 485
	13 484	10 318

Notes to the Consolidated Financial Statements

9.3 AUDITORS' REMUNERATION

	2011 US$ 000	2010 US$ 000
Current year audit fees and expenses	322	335

9.4 NET LEASING EXPENSE

	2011 US$ 000	2010 US$ 000
Lease payments:		
– Minimum lease payments	1 225	833

10. NET FINANCING COST

	2011 US$ 000	2010 US$ 000
Interest income:		
– Short–term loans and investments	300	24
Interest expenditure:		
– Short–term borrowings	(2 237)	(607)
Exchange losses	(44)	(202)
	(1 981)	(785)

11. TAXATION

11.1 TAXATION CHARGE

		2011 US$ 000	2010 US$ 000
Income tax:			
Current	– standard	15 386	10 635
	– AIDS levy	463	319
	– Withholding tax	–	449
Deferred taxation	– Current year	91	4 837
	– Rate adjustment	–	(14 049)
		15 940	2 191

11.2 RECONCILIATION OF RATE OF TAXATION

	2011 %	2010 %
Standard rate	25,75	30,9
Adjusted for:		
Effect of expenses not deductible for tax	0,26	7,43
Effect on deferred tax balances due to the change in income tax rate from 30.9% to 25.75%	–	(33,55)
Effect of income not taxable in determining taxable profit	(1,86)	–
Effects of associates income	(1,40)	0,45
Effective rate	22,75	5,23

Notes to the Consolidated Financial Statements

11.3 DEFERRED TAX LIABILITIES

	2011 US$ 000	2010 US$ 000	2009 US$ 000
Balance at beginning of year	22 720	37 263	–
Defered tax uplift on change of functional currency	–	–	37 263
Deferred tax on entities disposed off	–	(5 331)	–
Arising from the change in tax rate	–	(14 049)	–
Charge to statement of comprehensive income	91	4 837	–
Balance at end of year	22 811	22 720	37 263
Analysis of balance at end of year			
Property plant and equipment	23 025	22 720	37 263
Other temporary differences	(214)	–	–
	22 811	22 720	37 263

12. PROPERTY, PLANT AND EQUIPMENT

	2011 US$ 000	2010 US$ 000	2009 US$ 000
FREEHOLD AND LEASE HOLD PROPERTIES			
Cost	99 940	95 664	115 434
Accumulated Depreciation	(48 651)	(47 096)	(35 902)
	51 289	48 568	79 532
PLANT AND EQUIPMENT			
Cost	241 289	203 313	134 816
Capital work in progress	4 765	15 181	76
	246 054	218 494	134 892
Accumulated Depreciation	(150 966)	(153 880)	(116 581)
	95 088	64 614	18 311
VEHICLES			
Cost	47 522	44 692	44 587
Accumulated depreciation	(30 047)	(31 990)	(31 455)
	17 475	12 702	13 132
CONTAINERS			
Containers on hand	41 000	22 718	14 241
Containers in the market	22 117	13 766	5 519
	63 117	36 484	19 760
Total property, plant and equipment	226 969	162 368	130 735

Notes to the Consolidated Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Movement in net book amount for the year :

	2011 US$ 000	2010 US$ 000	2009 US$ 000
At beginning of the year	162 368	130 735	–
Property, plant and equipment uplift	–	–	131 347
Disposal of discontinued operations	–	(11 324)	–
Capital expenditure	82 143	47 620	395
Disposals	(1 545)	(1 151)	–
(Decrease)/Increase in containers in the market	(2 513)	6 806	–
Depreciation charged to operating income	(13 484)	(10 318)	(1 007)
At end of the year	226 969	162 368	130 735
Capital expenditure comprised :			
Freehold and leasehold properties	4 301	585	253
Plant and equipment	40 435	31 962	142
Vehicles	4 873	1 969	–
Containers	32 534	13 104	–
	82 143	47 620	395
Disposals comprised :			
Freehold properties	25	–	–
Plant and equipment	295	461	–
Vehicles	1 225	690	–
	1 545	1 151	–
Original cost of fully depreciated assets still in use:			
Plant and equipment	17 936	5 576	5 831
Vehicles	545	691	669
	18 481	6 267	6 500

13. DIVIDENDS

	2011 US Cents	2010 US Cents	2011 US$ 000	2010 US$ 000
Interim	0,50	–	5 901	–
Final – proposed	1,00	–	11 816	–
	1,50	–	17 717	–

Notes to the Consolidated Financial Statements

14. INVESTMENT IN ASSOCIATES

	2011 US$ 000	2010 US$ 000	2009 US$ 000
Share at cost	2 923	2 923	2 393
Post acquisition reserves	7 769	3 972	135
	10 692	6 895	2 528

Analysis of results and statement of financial position of associates.

	2011	2010
AFDIS Holdings Limited (28%)		
Shares at cost	2 393	2 393
Group share of post acquisition reserves	(1 618)	(743)
	775	1 650
Total assets	11 590	12 692
Total liabilities	(7 919)	(6 849)
Net assets	3 671	5 843
Groups share of net assets of associate	1 043	1 650
Total revenue	17 395	11 456
Total (losses) for the year	(3 079)	(3 087)
Group's share of losses of associate	(875)	(878)
Schweppes Zimbabwe Limited (49%)		
Shares at cost	530	530
Gain arising on acquisition	7 348	4 453
Group share of post acquisition reserves	2 039	262
	9 917	5 245
Total assets	44 164	30 215
Total liabilities	(22 156)	(19 511)
Net assets	22 008	10 704
Groups share of net assets of associate	10 784	5 245
Total revenue	56 884	12 147
Total profit for the year or period	3 627	534
Group's share of profits of associate	1 778	261

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

Notes to the Consolidated Financial Statements

investment in Schweppes including a gain of US$4 217 000 (2010: US$1 323 000) in respect of acquisition of loan accounts; this is represented by an amount payable by Schweppes as a long term loan which has no fixed repayment terms and is not interest bearing.

The fair value of the Group's interest in African Distillers Private Limited, which is listed on the stock exchange in Zimbabwe, was US$3 786 117 (31/3/2010: US$4 056 553).

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 2010 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 March 2011.

15. INVESTMENTS, LOANS AND TRADEMARKS

	2011 US$ 000	2010 US$ 000	2009 US$ 000
15.1 INVESTMENTS			
Shares at cost	87	87	–
15.2 LOANS			
Secured	7 033	1 122	107
15.3 TRADEMARKS			
At cost	2 914	2 914	2 914
Total	10 034	4 123	3 021

15.4 Included in the Group's secured loans of $7 032 529 are loans of $1 964 730 to Directors and Officers of the Group. These are made in terms of a Group Housing Loan Scheme. During the year $1 656 696 was advanced and $81 275 was repaid. Housing loans are secured through mortgage bonds whilst the underlying assets are pledged as security under the car loan scheme.

Notes to the Consolidated Financial Statements

16. INVENTORIES

	2011 US$ 000	2010 US$ 000	2009 US$ 000
Consumable stores	20 482	16 315	9 382
Finished products	14 770	5 909	3 188
Raw materials	31 235	28 117	14 464
Products in process	1 390	1 079	1 447
Total	67 877	51 420	28 481

17. TRADE AND OTHER RECEIVABLES

	2011 US$ 000	2010 US$ 000	2009 US$ 000
Trade receivables	19 906	14 273	4 552
Prepaid expenses and other receivables	6 470	8 609	3 221
Total	26 376	22 882	7 773

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 holds collateral on some receivable balances. The estimated value for this collateral is US$ 2 192 000. The Group does not hold 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.

Ageing of past due but not impaired	2011	2010
60–90 days	257	918
Over 90 days	319	890
Average (days)	15	15

Notes to the Consolidated Financial Statements

18. ISSUED CAPITAL

18.1 AUTHORISED SHARE CAPITAL

Authorised share capital comprises of 1 400 000 000 ordinary shares of US$ 0.01 (one US cent) per share. At the Annual General meeting held on 28 July 2010, the shareholders approved a redenomination of the authorised share capital of the Company from 5 cents per share in Zimbabwe Dollars (that is Z$ prior to any restatement to address inflation) to US 1 cent per share. It was further approved that a transfer should be made from the share premium account to the share capital account of an amount equivalent to the number of shares in issue multiplied by US 1 cent. Accordingly an amount of $11 802 060 was transferred from the share premium account to the share capital account.

	2011 Number of shares m's	2010 Number of shares m's	2009 Number of shares m's
At beginning of year	1 159	1 093	1 049
Exercise of share options	23	26	11
Employee empowerment scheme	–	–	20
Allotment to SABMiller	–	40	13
At end of year	1 182	1 159	1 093

Issued share capital

	2011 US$ 000	2010 US$ 000	2009 US$ 000
Issued capital at beginning of year	29 375	17 227	–
Arising on allotment to SABMiller for asset purchase	–	12 000	4 000
Share options	196	148	–
Gain on asset uplift	–	–	13 227
Issued capital at end of year	29 571	29 375	17 227

Issued share capital comprises share capital and share premium as follows:

Share capital

Transfer from share premium on redenomination of nominal value	11 802	–	–
Share options exercised	20	–	–
Share capital at end of year	11 822	–	–

The original par value of issued shares had been reduced to nil by the restatement of the Zimbabwe currency under hyperinflation and its subsequent conversion to United States Dollars. The prior year balance of issued share capital therefore comprised entirely share premium arising. On the redenomination of the share capital to US 1 cent an amount of US$ 11 802 060 was transferred from share premium to share capital.

Notes to the Consolidated Financial Statements

Share premium	2011 US$ 000	2010 US$ 000
Share premium at beginning of year	29 375	17 227
Transfer to share capital on redenomination of nominal value	(11 802)	–
Arising on allotment to SABMiller for asset purchase	–	12 000
Share options	176	148
Share premium at end of year	17 749	29 375

18.3 UNISSUED SHARES

Subject to the limitations imposed by the Companies Act (Chapter 24:03), in terms of a special resolution of the Company in the General Meeting, the unissued share capital comprising 218 388 985 (2010 –241 123 985) ordinary shares has been placed at the disposal of the directors for an indefinite period.

18.4 Shares under option

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

		Numbers of Shares		
Date of Grant	Subscription price US$	2011	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		100 000	21 125 000	24 400 000
2 January 2008		28 830 000	30 200 000	34 830 000
1 March 2009	0,150	14 790 000	15 600 000	16 540 000
8 May 2009	0,150	1 910 000	2 085 000	–
2 January 2010	0,505	9 208 000	11 268 000	–
1 October 2010	0,5	500 000	–	–
3 January 2011	0,636	7 901 500	–	–
		63 239 500	80 328 000	92 625 000

DELTA CORPORATION LIMITED • ANNUAL REPORT 2011

Notes to the Consolidated Financial Statements

18.4 Shares under option – continued

Movements in Share options during the year.

	2011	2010	2009
Number outstanding at beginning of year	80 328 000	92 625 000	89 108 000
New options granted during year	6 401 500	13 383 000	16 540 000
Exercised during year	(22 735 000)	(25 725 000)	(10 698 000)
(Forfeited)/reinstated during year	(755 000)	45 000	(2 325 000)
Outstanding at end of year	63 239 500	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 $0,47 respectively. Shares forfeited had an average exercise price of $0,03.

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 1 October, 2010 and 3 January, 2011. The estimated fair value of the options granted on those dates was $89 750 and $1 758 808 respectively. The Group recognised total expenses of $1 336 686 in respect of share options granted. The options granted 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	OCTOBER 2010	JANUARY 2011
Grant date share price – US$	0,50	0,65
Exercise price	0,50	0,636
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 (SABMiller) and market 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. The weighted average value takes to account an expected 0 % level of forfeiture.

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	OCTOBER 2010	JANUARY 2011
Grant date share price	0,50	0,65
Exercise price	0,50	0,636
Maximum volatility	150%	150%
Dividend yield	0%	0%
Risk–free interest rate	10%	10%

Impact on Financial Statements	US$ 000
Increase in profit	291
Decrease in share option reserve	(291)

Intrinsic value method

IFRS 2 also recommends the use of intrinsic value in the valuation of share options. The Group also considered the use of this alternative and has provided a sensitivity analysis showing the impact on the financial statements had this option been used in the valuation of share options.

Impact on Financial Statements	US$ 000
Increase in profit	154
Decrease in share option reserve	(154)

The Directors are of the opinion that the use of these two methods would not be appropriate for the valuation of the share options for the current year due to the fact that economic recovery which started with the change in functional currency during 2009 has meant that historical information relating to before this period is largely irrelevant and the market is still in the process of stabilising.

18.5. DIRECTORS' SHAREHOLDINGS

At 31 March 2011, the Directors held directly and indirectly the following number of shares in the Company:

	2011	2010	2009
L E M Ngwerume	7 000	7 000	–
E R Mpisaunga	–	–	290 000
R H M Maunsell	1 319 782	4 319 782	2 769 782
H C Sadza	764	764	7 449
M S Mushiri	7 210 905	5 512 408	4 112 408
J S Mutizwa	103 786	–	4 009 243
R M Mupawose	–	44 316	44 316
	8 642 237	9 884 270	11 233 198

No changes in Directors' shareholdings had occurred between the financial year end and 6 May 2011, being the date of the last meeting of the directors.

DELTA CORPORATION LIMITED ANNUAL REPORT 2011

Notes to the Consolidated Financial Statements

	2011 US$ 000	2010 US$ 000	2009 US$ 000
19. SHARE OPTIONS RESERVE			
At beginning of year	1 546	1 123	–
Share option reserve uplift	–	–	1 123
Recognition of options granted	1 337	1 094	–
Transfer to retained earnings	(643)	(671)	–
At the end of year	2 240	1 546	1 123
20. RETAINED EARNINGS			
At beginning of year	128 285	91 661	–
Retained earnings uplift	–	–	91 661
Attributable earnings for the year	53 012	35 953	–
Transfer from share options reserve	643	671	–
Dividend paid	(5 901)	–	–
At end of year	176 039	128 285	91 661
Retained in Holding Company			
Subsidiaries and arising on consolidation	168 270	124 313	91 526
Associated companies	7 769	3 972	135
	176 039	128 285	91 661
21. NON–CONTROLLING SHAREHOLDERS INTEREST			
At beginning of year	2 733	8 408	–
Non–controlling shareholder's interest uplift	–	–	8 408
Share of attributable earnings for the year	1 102	(419)	–
Dividends paid	(68)	–	–
Non–controlling shareholders share of discontinued operations	–	(5 256)	–
At end of year	3 767	2 733	8 408
22. BORROWINGS			
Short–term borrowings			
Short term loans	24 175	15 000	472

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 the general meeting, borrowings shall not exceed in aggregate, shareholders' equity which amounts to $211 616 608.

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.

Notes to the Consolidated Financial Statements

	2011 US$ 000	2010 US$ 000	2009 US$ 000
23. TRADE AND OTHER PAYABLES			
Trade payables	28 147	12 145	4 655
Obligation for containers in the market	22 117	13 766	5 519
Current tax payable	12 714	5 257	–
Accruals and other payables	25 526	24 172	15 001
	88 504	55 340	25 175

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. The carrying amount of trade and other payables is approximately equal to their fair values.

24. CASH FLOW INFORMATION

	2011 US$ 000	2010 US$ 000
24.1 CASH GENERATED FROM TRADING		
Operating income	68 238	38 604
Depreciation	13 484	10 318
Loss on disposal of property, plant and equipment	844	613
Other non cash items	3 339	893
	85 905	50 428
24.2 UTILISED TO (INCREASE)/DECREASE WORKING CAPITAL		
Increase in inventories	(16 457)	(25 843)
Increase in trade and other receivables and short– term loans	(3 494)	(15 651)
Increase in containers in the market	(8 351)	(8 246)
Increase in payables	34 058	27 926
	5 756	(21 814)
24.3 INCOME TAXATION PAID		
Liability at beginning of year	(5 257)	–
Taxation provided (see note 11)	(15 849)	(11 403)
Liability at end of year	12 714	5 257
	(8 392)	(6 146)
24.4 DIVIDEND PAID		
By the company:		
Proposed dividend at the beginning of year	–	–
Current year dividends	(17 717)	–
Proposed dividend at end of year	11 816	–
	(5 901)	–
By Subsidiary		
Non–controlling interest's dividends at beginning of year	–	–
Non–controlling interest's share of dividends declared	(164)	–
Non–controlling interest's share of dividends at end of year	96	–
	(68)	–
Total dividends paid	(5 969)	–

Notes to the Consolidated Financial Statements

	2011 US$ 000	2010 US$ 000
24.5 MOVEMENTS IN SHORT TERM BORROWINGS		
Liability at beginning of year	15 000	472
Discontinued operations	–	(472)
Amounts drawn	9 175	15 000
Balance at end of year	24 175	15 000
24.6 INCREASE IN SHAREHOLDER FUNDING		
Proceeds of shares issued:		
By the Company	196	12 148
	196	12 148
24.7 CASH AND CASH EQUIVALENTS		
Made up as follows:		
Bank balances and cash	5 159	7 311
	5 159	7 311

25 RELATED PARTY TRANSACTIONS

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

	Purchase of goods US$ 000	Royalties & Technical Fees US$ 000	Rental Payments US$ 000	Amounts Owed by Related Parties US$ 000	Amounts Owed to Related Parties US$ 000
2011					
SABMiller Companies	36 565	8 749	–	77	(10 865)
Associates	224	–	–	8	(16)
Delta Pension Fund	–	–	136	–	–
	36 789	8 749	136	85	(10 881)
2010					
SABMiller Companies	8 140	5 820	–	–	(12 845)
Associates	306	–	–	–	(101)
Delta Pension Fund	–	–	248	–	–
	8 446	5 820	248	–	(12 946)

Notes to the Consolidated Financial Statements

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:

	2011 US$ 000	2010 US$ 000
Short–term benefits	2 018	843
Post–employment benefits	221	171
Share based payments	1 251	514
	3 490	1 528
Included in the above amounts are the following in respect of directors' emoluments:		
Paid by subsidiaries:		
For services as directors	54	54
For managerial services	2 655	948
	2 709	1 002

The remuneration of directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

26. NET FUTURE OPERATING LEASE COMMITMENTS

	2011 US$ 000	2010 US$ 000	2009 US$ 000
Lease payments:			
– Payable within one year	919	773	
– Payable two to five years	1 654	1 212	
	2 573	1 985	

27. COMMITMENTS FOR CAPITAL EXPENDITURE

	2011 US$ 000	2010 US$ 000	2009 US$ 000
Contracts and orders placed	3 931	16 869	–
Authorised by directors but not contracted	63 322	39 625	29 828
	67 253	56 494	29 828

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

Notes to the Consolidated Financial Statements

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 for each employee.

28.3 PENSION COSTS RECOGNISED AS AN EXPENSE FOR THE YEAR

	2011 US$ 000	2010 US$ 000
Defined contribution funds	3 354	1 911
National Social Security Authority Scheme	431	764
	3 785	2 675

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.

Notes to the Consolidated Financial Statements

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.

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$ 000	1–3 Months US$ 000	Total US$ 000
31 March 2011				
Fixed interest rate instruments	10	–	24 175	24 175

In prior year there were no contractual maturity financial liabilities

The Group has access to financing facilities of which US$13 325 000 were unused at the end of the reporting period. The Group expects to meet its other obligations from operating cash flows.

	2011 US$ 000	2010 US$ 000	2009 US$ 000
FINANCING FACILITIES			
Unsecured bank loan facility, with various maturity dates through to 2011 and which:			
Amount used	24 175	15 000	472
Amount unused	13 325	10 500	–

Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities in the financial statements approximate their fair values.

Notes to the Consolidated Financial Statements

29.5 CREDIT RISK MANAGEMENT

Potential concentrations of credit risk consist principally of short–term cash and cash equivalent investments and trade debtors. The Group deposits short–term cash surpluses only with major banks of high credit standing. Trade debtors comprise a large, widespread customer base and Group companies perform on–going credit evaluations of the financial condition of their customers. The Group uses publicly available financial information and its own trading records to rate its major customers. Credit exposure is controlled by counter-party 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 debtor. 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 concerns 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 8.99 % 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	2011 US$ 000	2010 US$ 000	2009 US$ 000
ASSETS				
NON–CURRENT ASSETS				
Investments in Associated Companies		775	1 650	2 528
Interest in Subsidiaries	A	87	87	87
Loans to Subsidiaries		16 344	16 148	4 000
		17 206	17 885	6 615
CURRENT ASSETS				
Dividends receivable		26 816	–	–
TOTAL ASSETS		44 022	17 885	6 615
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Issued capital	18	29 571	29 375	17 227
Accumulated profit/(loss)		2 635	(11 490)	(10 612)
Dividends proposed	13	11 816	–	–
TOTAL EQUITY		44 022	17 885	6 615

AS AT 31 MARCH

A	INTEREST IN SUBSIDIARIES	87	87	87

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

DELTA CORPORATION LIMITED ○ ANNUAL REPORT 2011

Company Statement Of Changes In Equity

FOR THE YEARS ENDED 31 MARCH

	Notes	2011 US$ 000	2010 US$ 000
Total equity at the beginning of the year		17 885	6 615
Share capital issued of the parent	18	196	12 148
Share of loss of associate	14	(875)	(878)
Other attributable earnings		32 717	–
Dividends paid		(5 901)	–
Total equity at the end of the year		44 022	17 885

Sustainable Development Report

Sustainable Development is fundamental to the success of our business and as such it is an integral element of our business strategy, which warrants a separate report in line with best practice. The efforts in the current year related to formulating a clear policy, identifying the key priority areas, collating data and developing a rigorous and transparent management approach to sustainable development issues. A number of company officials have undergone training on the aspects relating to the reporting framework, the sustainability assessment matrix which facilitates the measurement and monitoring of progress in each priority area. It is envisaged that the specific standards and performance targets will be clearly spelt out following detailed reviews and the benchmarking exercises to culminate in the business scorecard that takes into account the local circumstances and conditions.

We appreciate that our business is not something separate from the society hence is at one and the same time an employer, a customer, a supplier and a taxpayer. The interests of Delta and the wider community are therefore inextricably intertwined. We have therefore identified the following nine priorities as our key areas of responsibility:–

1 Discouraging irresponsible drinking
2 Producing more beverages products using less water.
3 Reducing our energy and carbon footprint
4 Packaging, reuse and recycling
5 Working towards reducing waste in our operations
6 Encouraging enterprise development in our value chains
7 Benefiting local communities
8 Respecting Human Rights
9 Contributing to the reduction of HIV& AIDS

In this report we highlight the key issues in each priority area and provide highlights on the current projects.

1. DISCOURAGING IRRESPONSIBLE DRINKING

Our beer adds to the enjoyment of life for the overwhelming majority of consumers. We, however, acknowledge that a small percentage of consumers use our products irresponsibly. The company operates within the framework of its Alcohol and Communications Policies whose main thrust is to set principles and guidelines on combating the harmful effects of irresponsible alcohol consumption and ensuring that information provided to consumers about alcohol consumption should be accurate and balanced.

We therefore continue to work with other stakeholders to address the harmful effects of alcohol abuse through the following:

- The Company is a member of and plays an integral role within the Zimbabwe Alcoholic Beverages Manufacturers Association (ZABMA)
- Embarking on the 'Don't Drink and Drive' campaigns, through ZABMA and Zimbabwe Transport Safety Board (ZTSB)
- Supporting relevant authorities in developing the National Alcohol Policy.
- Training employees in the Alcohol Intelligence Quotient (AIQ) and the Alcohol Behaviour & Communication (AB&C) Programmes to enhance knowledge on alcohol use and responsible behaviour.
- Upgrading the health warning on beer labels.
- Discouraging underage alcohol drinkers

2. REDUCING THE USAGE OF WATER IN OUR PRODUCTION PROCESSES

The Company's operations use significant amounts of water, hence the need for strategies that minimise its use in our operations and assisting our communities in accessing this key resource.

It is noted that water remains a scarce resource in most of the centres where our businesses are located, driven by the insufficient infrastructure, which requires huge investments to resolve.

It is noted that in excess of 80% of our beverage volumes are sold in returnable bottles, requiring large amounts of water for cleaning and washing the containers. The infrastructural challenges alluded to impact on the production processes, requiring secondary purification of mains water to attain food grade quality standards. It will therefore take a number of years before the usage levels can be compared to international benchmarks.

The initiatives in this arena include the following:

- Assisting our communities to increase the access to potable water through the Rain project as noted under Community projects. In the past we have rehabilitated boreholes at Nyamandlovu water aquifer in Bulawayo to improve domestic water supplies to the city's residents.
- Assistance to barley farmers in constructing dams for irrigation as the local barley is grown in rain free winter season.
- Modernisation of brewing plant, water pipe replacements and packaging water reclaim systems to optimise the water–to–beverage ratio.

3. REDUCING OUR ENERGY AND CARBON FOOTPRINT

Our operations use energy to produce and transport our products. Statistics on the usages of coal, electricity and fossil fuel are maintained at each plant whilst the process of setting benchmarks and targets is underway. It is noted, however that the country faces significant challenges with power supply due to the infrastructure decay over the last few years. This results in the disruption to production and hence causes disparities in the usage of these key resources. It will therefore take a number of years of significant investments in these sectors for companies to register progress in this arena.

Various initiatives are underway which target to reduce the energy usages.

- The recent capital investment projects are aimed at improving production efficiencies.
- Energy conservation strategies such as increased use of natural lighting, energy saving light bulbs.
- Strategies to reduce carbon emissions from our factories and heavy motor vehicles.
- Measuring instruments acquired at factories and vehicle workshops to measure and monitor the levels of carbon emissions.
- Increasing payloads on freight vehicles to reduce amount of fuel used in transporting beverages.

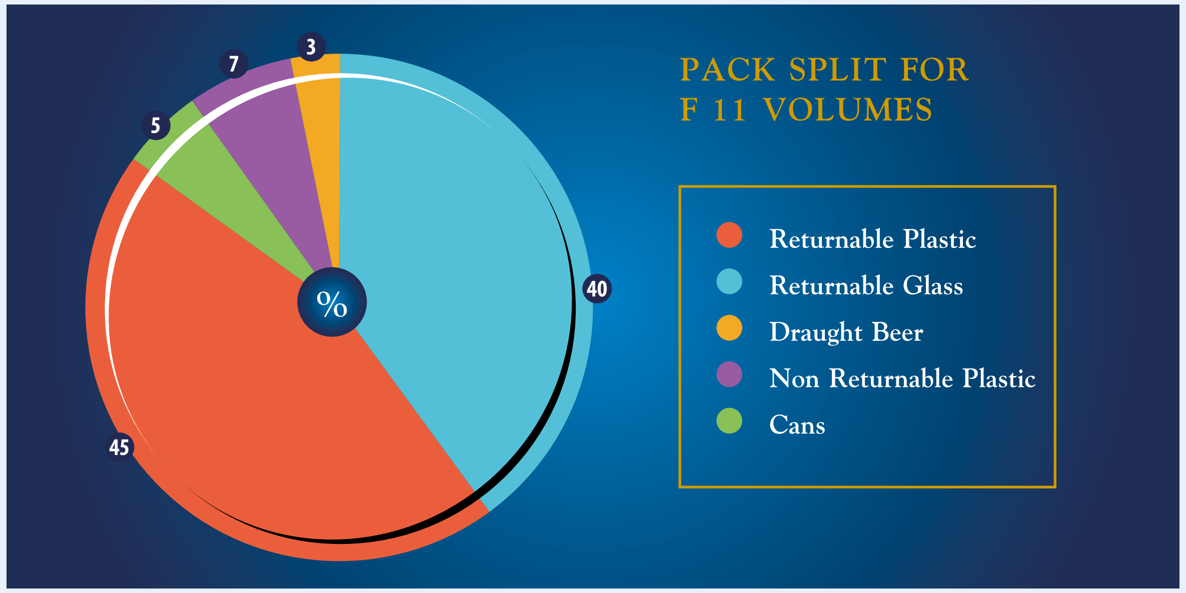
4. PACKAGING, REUSE AND RECYCLING

Delta uses many different types of primary and secondary packaging, including glass bottles, steel and aluminium cans, PET plastic, high density polyethylene crates and bottles, cardboard cartons and kegs. The packaging protects and ensures the quality of our products for the enjoyment of our consumers and so it needs to be fit and safe for the purpose. The manufacture and disposal of our packaging substrates have environmental consequences which we must take into account.

Sustainable Development Report

- More than 85% of Delta's product volumes are sold in recyclable packaging material mainly returnable glass bottles.
- Introduced the Fanta and Sprite light weight 300ml glass bottles during the year.
- Roll out of the Coca Cola 300ml lightweight bottles during 2011/12. This reduces the weight of each bottle by 20% from 380 to 305 grams and that of the plastic crate by 16% from 1786 to 1500 grams. Further light weighting initiatives are being considered for the PET bottles.
- Increasing the contribution of draught beer; a number of draught beer dispensing units were installed in pubs and bars. This is a key strategy in reducing usage of packaging materials.

The issues of relating to the disposal of waste arising from one–way packaging are covered under waste management.



5. WORKING TOWARDS REDUCING WASTE IN OUR OPERATIONS

- It is critical for the Company to use resources efficiently in order to reduce the amount of waste generated and explore opportunities to reuse and recycle waste.
- A significant amount of the waste from our brewing operations is organic material such as spend grains which are sold to farmers as stock feed.
- The remaining waste is made up of damaged used packaging (broken bottles, crowns, cardboard cartons, can bodies etc) effluent sludge from water treatment, boiler ash and other non–recyclable waste.
- Segregated broken glass is collected and sent back to the glass manufacturer as cullet for recycling and processed into new glass.
- Old plastic crates and high density polyethylene bottles are sent back to plastic manufacturers such as MegaPak for re–chipping and processing into new products such as drums.

The Company is working closely with other stakeholders to reduce the amount of litter arising from one–way packages such as cans and PET. Partnerships have been developed with a number of local authorities, the environmental management agencies and other non–governmental agencies to collect used cans into cages, crush and send them for recycling.

DELTA CORPORATION LIMITED ANNUAL REPORT 2011

It is noted that there is currently no capacity to recycle the cans in Zimbabwe, hence the need to export the crushed cans to South Africa through the Collect–A Can initiative.

The Company continues to work with the local authorities and regulators to explore ways to reduce the environmental impact of Delta's waste stream particularly effluent. This would in some cases require the investment in infrastructure for some of the local authorities to comply with the requirements of the Water Act and other environmental regulations.

6. ENCOURAGING ENTERPRISE DEVELOPMENT IN OUR VALUE CHAINS

Our influence extends beyond our immediate operations to include those of our value chain partners particularly suppliers of raw materials. To this end we endeavour to:

a. Develop local suppliers to substitute imports of key raw materials or increase the proportion of spend on locally sourced raw materials.

b. Continue supporting small scale and subsistence farmers in growing small grains and supporting the barley contract farming initiative.

c. Work in partnership with suppliers to ensure compliance with environmental and safety legislation.

The company continues to support a network of 4 500 communal sorghum farmers and 130 contracted barley farmers who delivered 27 000 tonnes of barley in 2010. The Company supports the farmers through the provision of extension services, agricultural inputs and a guaranteed market for their barley and sorghum grain output. A critical element of the scheme is the research and development of seed varieties of both sorghum and barley that target to improve agronomic performance and crop yields. In the coming years it is intended to develop partnership with other players to broaden the small scale farming model to cover other crops.

7. BENEFITING LOCAL COMMUNITIES

The prosperity of our business is closely aligned to the health and well–being of the communities in which we work, hence the Company's corporate social investment initiatives are aimed at integrating our business priorities with the needs of the local communities.

- The Company contributes significant amounts with respect to fiscal revenues particularly excise duty on lager beer, traditional beer levy, value added tax, company tax and pay as you earn withheld from employees' emoluments. The amounts paid during the year with respect to company tax, excise duty and net VAT increased by 62% over last year to $98 million, noting that the government takes 33% of the lager beer retail price as excise and VAT.
- The Company is participating in The Replenish Africa Initiative (RAIN) which was launched in February 2011. The project is funded by The Coca Cola Africa Foundation with a primary focus on water stewardship projects across Africa over the next 6 years. 700 households are set to benefit from this initiative which is implemented by CARE international and supported by the three Coca Cola bottlers in Zimbabwe namely Delta, Mutare Bottling Company and Schweppes Zimbabwe Limited.
- During 2010, the initiative supported the rehabilitation of 20 boreholes in 20 schools in the Zaka and Gutu Districts in Masvingo Province. This programme will see the construction of pit latrines with hand washing centres at the chosen schools and include the running of sanitation and hygiene education programmes.
- The Company has continued with the Schools Assistance Program which saw the handover of two classroom blocks in the Southern Region, with our implementation partners providing school furniture. In addition the Company provides financial support for gifted but disadvantaged children through the Bursary Scheme, taking some of the students through advanced level and university education.
- Our involvement in the Sports and Arts has continued with sponsorships of festivals such as HIFA, Jikinya Dance festival and the 2011 Danhiko Paralympics games. The Company continues to support various charitable institutions such as St. Giles, Chinyaradzo Children's Home and Jairos Jiri.
- During the year some Delta head office staff embarked on an initiative to support Melfort Farm Old People's Home in conjunction with Helpage Zimbabwe through the donation of blankets, clothing, groceries and a radio to the inmates.
- The company has also continued to support waste management initiatives by local authorities through the establishment of can collection cages and sponsorship of street cleaner's kits. The programme is currently running in Harare and Bulawayo and is set to roll out to other towns.

8. RESPECTING HUMAN RIGHTS

Delta employs over 4 900 employees with almost 80% being permanent. A total of 46 managers within the group are female of which 18 are in senior grades. As noted in our Values Statement, we acknowledge that our people are our enduring advantage, hence the need to provide a safe and healthy working environment. Our conditions of service stress the need to discourage any forms of discrimination, recognise the right to collective bargaining and the need to promote fairness at the work place.

- Safety committees are in place throughout the business under the guidance of suitably qualified Safety, Health and Environmental Managers who ensure adherence to the safety and health procedures. Statistics on accidents are collated and evaluated against internationally accepted benchmarks, with safety matters being deliberated at divisional boards under the oversight of the Audit Committee.

DELTA CORPORATION LIMITED • ANNUAL REPORT 2011

Sustainable Development Report

- During the last financial year, the Group provided close to 13 000 days of training to employees. 66 Management Trainees (including Articled Clerks and Information Communication Technology Interns) and 379 Apprentices were in training during the period. The Group continues to feed the talent pipeline through annual intakes with a retention rate of about 80%. The remainder is absorbed by the external market and Delta is fully cognisant of the need to develop skills for the country as well.

9. CONTRIBUTING TO THE REDUCTION OF HIV & AIDS

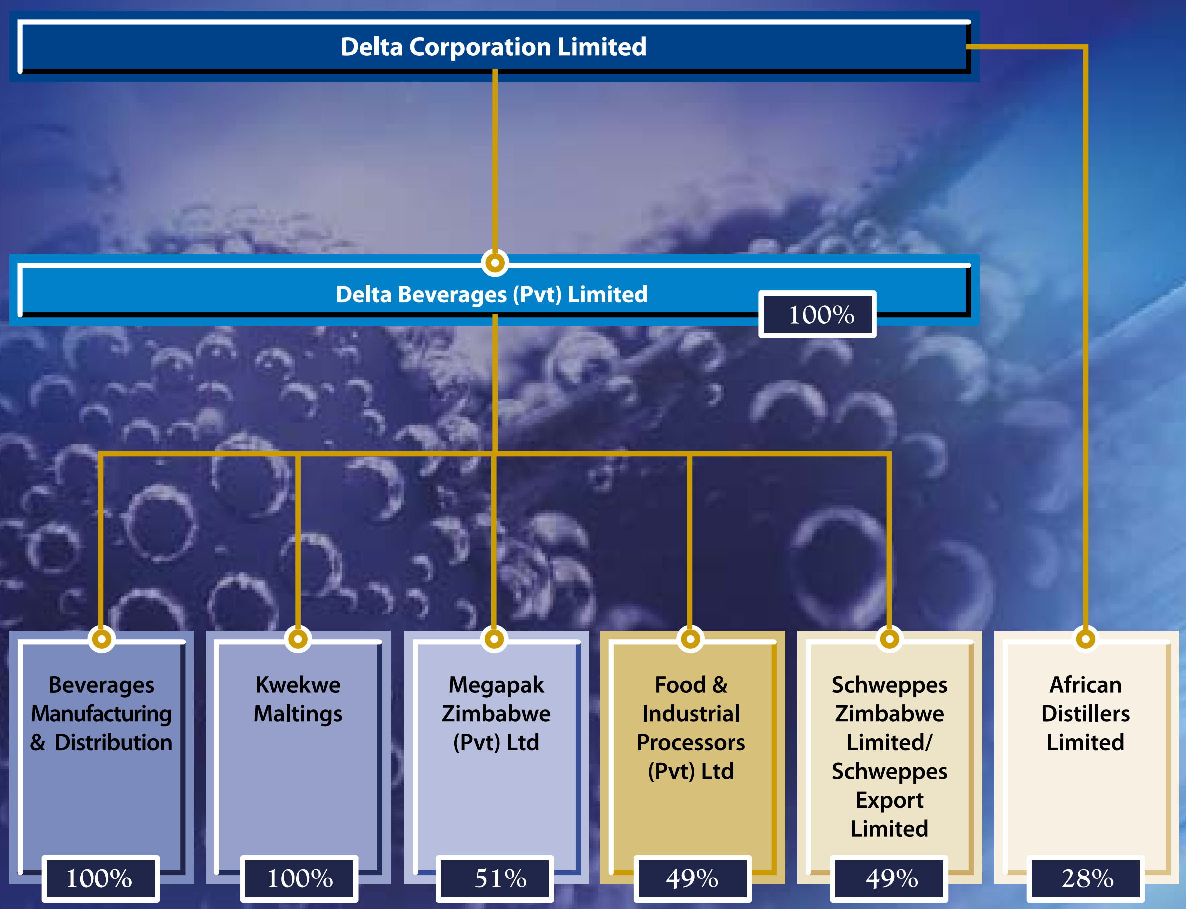
HIV/Aids affects our employees and their families and the wider community in which the Company operates. Our goal is to reduce the impact of HIV/Aids through our spheres of influence, particularly our employees, customers and suppliers.

The past year saw an improvement in employee health as evidenced by a reduction in lost production time and an increase in the number of employees accessing ARVs compared to the previous year. The number of condoms distributed also increased. Some of the activities that took place are as follows:

ACTIVITY • EVENT	2010	2009
Peer Educators trained	93	77
Employee Wellness Days conducted	5	0
Onsite HIV Testing sessions	14	12
Number of employees tested for HIV onsite	590	421
Male condoms pieces distributed	52 700	38 668
Number of days lost due to illness	5 327	5 604
Number of workers who collected ARVs at our clinics	134	98

Portfolio of Business

GROUP SRUCTURE



Delta Corporation Limited and all subsidiary and associated companies are registered in Zimbabwe.

Portfolio of Business

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
International Brands: Miller Genuine Draft, Peroni, Castle Light, Sarita, Brutal Fruit, Redds

Traditional Beer Business
Brewing sorghum beer,
15 Breweries
Chibuku and Rufaro

Sparkling Beverages Business
Bottling carbonated sparkling beverages, 2 Bottling Plants
Coca–Cola, Coca Cola Light,Coke Zero, Fanta, Sparletta, Sprite, Schweppes, Burn

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

Maheu Business
Super Maheu, 1 factory under construction

AGRO INDUSTRIAL

Kwekwe Maltings
Barley and Sorghum malting, 2 Malting Plants

MEGAPAK ZIMBABWE (PVT) LTD

Manufacture of PET, injection and blow moulded plastic products, 1 Factory

SCHWEPPES ZIMBABWE LIMITED

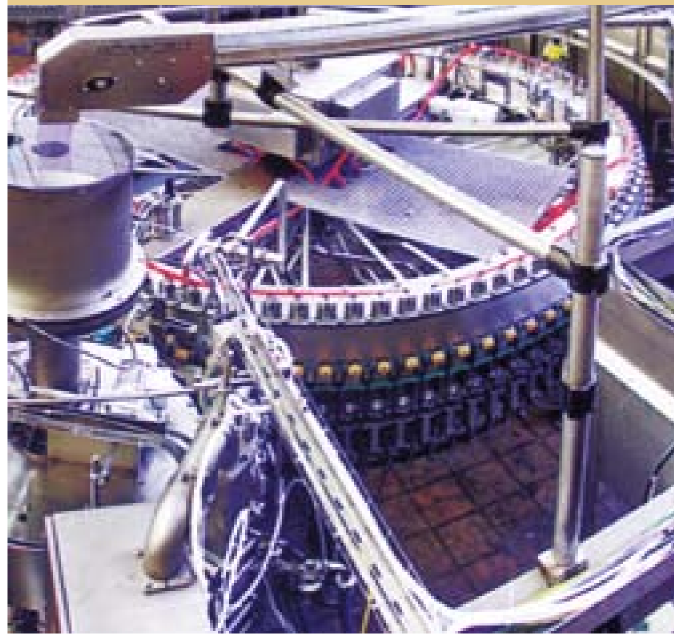
Bottling of Non–carbonated cordials, 2 Plants
Mazoe, Calypso, Ripe & Ready, Still Water, Minute Maid

FOOD AND INDUSTRIAL PROCESSORS (PVT) LTD

Food processing, 1 Factory

AFRICAN DISTILLERS LIMITED

Wine & spirit producer, 1 Distillery, 6 Depots



Directorate and Management

M J Bowman ○ J S Mutizwa ○ Prof H C Sadza ○ C F Dube ○ T N Sibanda ○ S J Hammond

DELTA CORPORATION LIMITED ○ ANNUAL REPORT 2011

L E M Ngwerume ○ R H M Maunsell ○ Dr M S Mushiri ○ E R Mpisaunga ○ G J van den Houten

Board of Directors

CHAIRMAN	
C F Dube	LLB; MBA * ▾
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 ▾
S J Hammond	B.Comm; CA(Z) ▾
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

Mr G Besson * was co–opted as a member of the Audit Committee

* Member of the Audit Committee

▾ Member of the Remuneration Committee

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)	Executive Director – Operations
A Makamure	B. Acc (Hons) CA(Z)	Company Secretary
M R Makomva	B.Acc(Hons); CA(Z); MBL	Managing Director–MegaPak
C Malaba	B.Acc(Hons) B Compt, CA(Z)/SA	General Manager–Beverage Operations (South)
D Mange	B.Sc; MBL	Director – Information Technology
G T Mutendadzamera	LLB	Corporate Affairs Director
Dr M G Nyandoroh	B.Sc(Hons); M.Sc; Phd	General Manager–Beverage Operations (North)
M Pemhiwa	B.Sc. Psych; MBA	Human Resources Director
D Taranhike	M.Sc; MBA	Supply Chain Director
T Rinomhota	B.Sc. Eng, MBA	Technical Director
M M Valela	B.Tech (Accounts) ; CA(Z)	Group Treasurer

Notice To Members

Notice is hereby given that the Sixty Fourth 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 27 July 2011 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 2011, together with the Report of Directors and Auditors thereon.

2. To appoint Directors

   Messrs ER Mpisaunga and LEM Ngwerume together with Dr MS Mushiri are due to retire by rotation. All being eligible, they will offer themselves for re–election. To note any interim board appointments which may arise ahead of the meeting which appointments expire at the meeting. Any such appointees, being eligible will offer themselves for re–election.

3. Directors Fees

   To approve the payment of directors' fees for the year ended 31 March 2011.

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

BY THE ORDER OF THE BOARD

A MAKAMURE
Company Secretary

Sable House, Northridge Close,
Borrowdale, Harare, Zimbabwe
30 June 2011

Shareholders Analysis and Calender

Size of Shareholding	Number of Shareholders	%	Issued Shares	%
1 to 5,000	5 486	78,2	4 835 487	0,4
5,001 to 10,000	414	5,9	2 977 065	0,3
10,001 to 25,000	406	5,8	6 478 426	0,5
25,001 to 50,000	220	3,1	7 859 352	0,7
50,001 to 100,000	162	2,3	11 478 960	1,0
100,001 to 500,000	224	3,2	47 755 249	4,0
Over 500,000	103	1,5	1 100 226 476	93,1
	7 015	**100,0**	**1 181 611 015**	**100,0**

Category				
Local Companies	695	9,9	144 209 030	12,2
Foreign Companies	7	0,1	434 336 755	36,8
Pension Funds	279	4,0	41 503 956	3,5
Nominees, local	181	2,6	114 998 444	9,7
Nominees, foreign	42	0,6	141 294 933	12,0
Insurance Companies	198	2,8	164 744 095	13,9
Resident Individuals	4 803	68,5	27 033 426	2,3
Non Resident Individuals	210	3,0	71 387 617	6,0
Investments & Trusts	467	6,6	39 527 276	3,3
Fund Managers	46	0,6	1 861 423	0,2
Deceased Estates	5	0,1	3 344	0,0
Other Organisations	82	1,2	710 716	0,1
	7 015	**100,0**	**1 181 611 015**	**100,0**

Included in the category of 'over 500 000 shares' is Delta Employee Participation Trust Company (Private) Limited which holds 27 766 151 shares on behalf of 2 852 employees who participate in the two schemes.

Shareholder	2011	%	2010	%
SABMiller Zimbabwe BV	218 873 400	18,5	211 426 557	18,2
Rainer Inc.	193 137 519	16,3	193 137 519	16,7
Old Mutual Life Assurance Co.	143 498 020	12,2	127 740 813	11,0
Stanbic Nominees (Pvt) Ltd NNR	134 963 062	11,4	89 005 902	7,7
Barclays Zimbabwe Nominees (P/L) NNR	113 055 460	9,6	89 717 085	7,7
Old Mutual Zimbabwe Ltd	87 378 242	7,4	126 410 974	10,9
Delta Employees Share Participation Trust Co.	27 766 151	2,3	28 065 949	2,4
Browning Investments NV	22 178 835	1,9	22 178 835	1,9
Stanbic Nominees (Pvt) Ltd	16 128 867	1,4	–	–
Fed Nominees P/L	15 634 430	1,3	24 108 000	2,1
Barclays Zimbabwe Nominees (PVT) LTD	–	0,0	105 061 500	9,1
Other	208 997 029	17,7	142 022 881	12,3
	1 181 611 015	**100,0**	**1 158 876 015**	**100,0**

Shareholders Analysis and Calender – continued

Major Shareholder	2011	%	2010	%
Old Mutual	230 876 262	19,6	254 151 787	21,9
SABMiller	434 189 754	36,7	426 742 911	36,8
	665 066 016	**56,3**	**680 894 698**	**58,7**
Resident And Non–Resident				
SHAREHOLDERS				
Resident	739 942 626	62,6	721 379 419	62,2
Non–Resident	441 668 389	37,4	437 496 596	37,8
	1 181 611 015	**100,0**	**1 158 876 015**	**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 indegenisation regulation.

SHARE PRICE INFORMATION

Mid Range Price (US cents) at:	
30 June 2010	48.02
30 September 2010	50.25
31 December 2010	65.00
31 March 2011	70.00
Price Range:	
Highest: 16 March 2011	77.10
Lowest: 7 April 2010	40.50

CALENDAR

Sixty Fourth Annual General Meeting	27 July 2011
Financial Year End	31 March 2012
Interim Reports:	**Anticipated Dates:**
6 months to 30 September 2011	November 2011
12 months to 31 March 2012 and final dividend declaration	May 2012
Dividend Payment Date – final	July 2012
Annual Report Published	July 2012

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