Delta Corporation
LIMITED

Delta Corporation Limited
Annual Report 2014

The Future Is In Our Brands

Organisational Vision

OUR MISSION

To be the most admired Beverages Business in Zimbabwe.

MISSION STATEMENT

To grow the value of the business in real terms on a sustainable basis through owning and nurturing local and international brands that are the first choice of the consumer.

STRATEGIC PRIORITIES

- Creating a balanced portfolio of businesses
- Building and nurturing strong brand portfolios that earn the support and affection of our customers and consumers
- Growing the profitability of the business on a sustainable basis.
- Building sustainable alliances with key business partners

BUSINESS ETHOS

Delta employees will be guided by the following business ethos:

- A desire to serve consumers and customers with passion
- A culture driven by the desire to improve and to excel in all we do
- A bias towards action
- A belief that the destiny of the Company is in our hands.

"IF IT IS TO BE, IT IS UP TO US."

Contents

Delta Corporation Limited is an integrated beverage company with a diverse portfolio of local and international brands in lager beer, traditional beer, soft drinks and other non-alcoholic beverages.

To view the Online Annual Report, please visit our website at www.delta.co.zw

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

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

ACCOUNTABILITY IS CLEAR AND PERSONAL

- We favour decentralized management and a practical maximum of local autonomy
- Goals and objectives are aligned and clearly articulated
- We prize both intellectual rigour and passion for our work
- We are honest about performance
- We require and enable self-management

WE 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


Delta Beverages
Delta Beverages

Company Profile

Delta Corporation Limited is principally an integrated beverage company with a diverse portfolio of local and international brands in lager beer, traditional beer, soft drinks and other non-alcoholic beverages. It has investments in associate companies whose activities are in cordials and juice drinks and wines and spirits.

The Company is listed on the Zimbabwe Stock exchange and was first listed in 1946 as Rhodesia Breweries Limited. Its origins, however, date back to 1898 when the country's first brewery was established in Cameroon Street, (Salisbury) Harare, from where the brewing industry developed into a major industrial and commercial operation.

By 1950, the Company had built the Sable Brewery in Bulawayo, producing pale ale, milk stout and Sable Lager. Over the years the Company continued to expand its portfolio of businesses and diversified its brewing base. In 1978 the name was changed to Delta Corporation Limited and the Company assumed the mantle of a holding company for a broad range of interests serving the mass consumer market. These included lager and sorghum beer brewing, bottling of carbonated and non-carbonated soft drinks, supermarket and furniture retailing, tourism and hotels and various agro-industrial operations.

The hotel, supermarket and furniture retailing businesses were demerged from the Group in 2001 to 2002 resulting in the Group focusing on the core beverages sectors.

Over the years the Company continued to expand its portfolio of businesses and diversified its brewing base.

Financial Highlights

for the year ended 31 March

	2014	2013	2012	2011	2010
GROUP SUMMARY (US $000)					
Revenue	**625 517**	631 276	554 767	408 001	281 291
Earnings before interest, tax depreciation and armotisation	**165 255**	161 519	118 660	81 720	48 922
Profit after tax	**107 193**	104 123	75 206	54 114	39 685
Attributable earnings	**105 664**	102 472	73 747	53 012	35 534
Net Funds / (Borrowings)	**15 196**	(3 517)	(25 803)	(19 016)	(7 689)
Total Assets	**619 886**	561 938	467 146	347 107	254 999
Market capitalisation	**1 427 799**	1 406 314	810 632	827 128	550 324
SHARE PERFORMANCE (US CENTS)					
Earnings per share:					
Attributable earnings basis	**8,55**	8,49	6,22	4,50	3,45
Cash equivalent earnings basis	**11,48**	11,19	9,25	5,91	3,42
Cash flow per share	**12,20**	13,46	10,04	7,63	0,40
Dividends per share	**3,55**	3,40	2,08	1,50	—
Net asset value per share	**32,87**	28,21	22,25	17,66	13,74
Market price per share	**115,00**	115,00	68,00	70,00	47,50
FINANCIAL STATISTICS (%)					
Return on equity (%)	**26,02**	30,09	27,94	25,05	22,20
Operating margin (operating income to net sales) %	**24,75**	24,73	20,48	19,53	15,83

Finance income arose from improved cash holdings and treasury operations resulting in the growth of attributable income by 3%.

Chairman's Statement

INTRODUCTION

I am pleased to report another year of good financial performance delivered in a very challenging business and economic environment characterised by declining consumer spend.

CAPITAL EXPENDITURE

US$66,2 million

The Company continued to invest in containers, expansion and improvement of production facilities.

ALTERNATIVE BEVERAGES

33% FOR THE YEAR

Maheu and the new dairy based beverages are up 33% for the year. A new production line is scheduled for commissioning in the first half of the new financial year to eliminate the capacity constraints experienced in the period under review.

The second half of the year was particularly difficult with the festive period recording subdued performance. Continued investment behind our brands, production capacity, market execution and innovation worked to spur growth in sorghum beer and alternative beverages (maheu and dairy mix) which partly offset declines in lager beer and soft drinks.

VOLUME AND OPERATIONS REPORT

Total beverage volume was flat on prior year with a significant upsurge in the demand for sorghum beer and alternative beverages.

Lager Beer

Lager beer volume was down 18% on prior year reflecting both softening demand and high consumer prices driven by the onerous levels of excise duty. Our premium category performed better than mainstream thus helping to contain the revenue loss.

Our barley contract scheme is producing pleasing results with 46 000 tonnes of barley delivered in 2013. Unfortunately this places the company on an over stock position given the lower lager volume. Consequently for 2014/15, the company has had to significantly reduce the number of farmers contracted to grow barley. The viability of this scheme is linked to lager beer volume growth. Work needs to go into ensuring the barley value chain results in competitive export prices to allow the continuation of malted barley exports.

Sparkling Beverages

Sparkling beverage volume declined 2%. This is attributed to an out of stock situation occasioned by extended water supply disruption at the main factory in Harare and softening demand.

Sorghum Beer

Sorghum beer volume grew 12% spurred by Chibuku Super which contributed 10% of the volume. Commissioning of the second Chibuku Super line is well on schedule to be in full production in the first quarter of the new financial year.

Alternative Beverages

Maheu and the new dairy based beverages are up 33% for the year. A new production line is scheduled for commissioning in the first half of the new financial year to eliminate the capacity constraints experienced in the period under review.

FINANCIAL RESULTS

Revenue decreased by 1% against volume losses in the higher margin lager beer and soft drinks mitigated by improved value capture in sorghum beer and alternative beverages. The continued expansion of our brand portfolio to offer a wider choice of products at different price points helped to improve the revenue outturn in an environment where trading is moving towards keener price points and value for money propositions.

Operating income decreased in line with revenue whilst operating margins improved marginally to 24,75% reflecting a beneficial focus on productivity, efficiency and overhead control. Finance income arose from improved cash holdings and treasury operations resulting in the growth of attributable income by 3%.

Cash generated from operating activities decreased by $12 million to $153 million on increased barley stock holding and reduced trade creditors. Capital expenditure was $66,2 million as the Company continued to invest in containers, expansion and improvement of production facilities. Net cash stood at $15 million with some borrowings retired during the year.

OUTLOOK

In the absence of deliberate strategic interventions by all stakeholders, the economy is likely to continue on a difficult path. The Company will continue to focus on value creation by investing in its brands, plant capacity and skills development while remaining flexible to adapt to the changing economic landscape.

DIRECTORATE

Messrs E R Mpisaunga and M P Karombo stepped down as Directors of the Company on 31 March 2014 in line with evolving Corporate Governance standards. They both remain in their roles as executives of the Group.

DIVIDEND

The Board has approved a final dividend of US2,25 cents per share to be paid to shareholders on 11 June 2014. This brings the total dividend for the year to US3,55 cents, a 4% increase over prior year.

APPRECIATION

I wish to thank all employees for their continued efforts during the year and my fellow Directors for their support.

For and on behalf of the Board

C. F Dube
Chairman
9 MAY 2014

Review of Operations

BEVERAGES BUSINESS - OVERVIEW

The volume performance for the year reflects the difficult trading period which was characterised by tight liquidity conditions, declining aggregate demand and deflationary pressures.

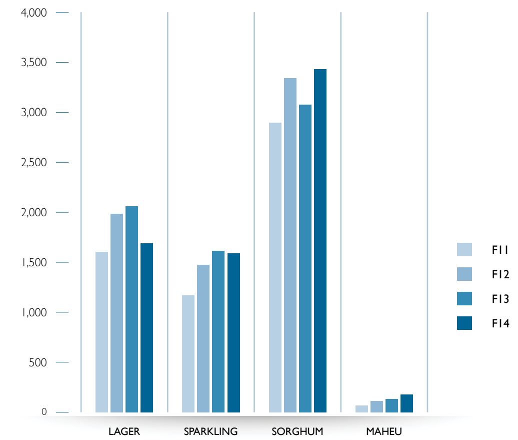
The fall in disposable incomes drove the consumer towards value products partly reflected in the shift in consumption from lager beer to sorghum beer.

The retail sector has witnessed some reduction in floor space in response to the low consumer traffic, intensifying competition and the tough trading environment.

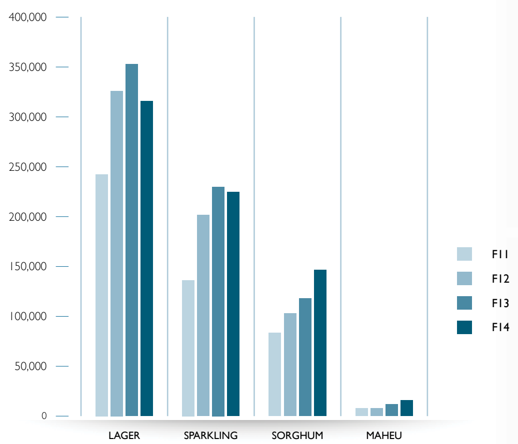
The Company continues to adjust route to market strategies with a focus on direct store deliveries, customer service and investments in cold beverage infrastructure. We are setting up telesales offices to improve order fulfilment as this allows customers to pre-order and therefore receive their preferred brand and pack requirements. There are ongoing engagements with the retail trade to promote compliance to recommended retail prices for all beverages in order to lighten the burden on the consumer.

The Company continues in its collaborative efforts with retail outlets and the Zimbabwe Association of Alcoholic Beverage Manufacturers to promote responsible retailing, consumption and manufacturing of alcohol.

Beverages Volume Performance ('000' HL)



Beverages Gross Revenue Performance ('$000')



The Company continued to invest in the expansion and improvement of production facilities.

Review of Operations (continued)

LAGER BEER BUSINESS

Lager beer volume at 1,7 million hectolitres was 18% below prior year largely due to softening aggregate demand and the negative impact of high consumer prices.

The consumer prices increased in response to the escalation of excise duty from 40% to 45% in January 2013, which resulted in the general trade rounding up prices above the recommended levels. This has seen some consumers shifting to other value for money alcoholic beverage categories in opaque beer and cheap spirits. It is anticipated that most traders will roll back prices in order to attract traffic in their outlets.

Our brands continue to be refreshed through package renovations. Of particular note was the addition of the non-returnable bottles to our stable of premium beers and the completion of the change over to the Calabash bottle.

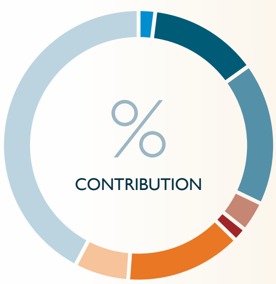
The competition environment remains stable with the Company maintaining its market share particularly in the mainstream and local worth-more segments.

The partnership between Castle Lager and FC Barcelona was brought to life driven by in-store activations during all games played by FC Barcelona. This has helped solidify the association of Castle Lager and soccer and raising the profile of the brand as a pan- African powerhouse.

Zimbabwe's leading premium beer, Golden Pilsener, won the prestigious Monde Selection Gold Award for International Quality. This is testament to the superior expertise of our brewers and the quality credentials of Golden Pilsener. We have maintained the various brand activities in sports and arts. The Castle Lager Premier Soccer League sponsorship was renewed for another three years. Of particular mention are the sponsorship of the Golden Pilsener Zimbabwe Golf Open, HIFA, the Miller Music Tour, Carling Black Label Pool Tournament, the Zambezi Kariba International Tiger Fishing Tournament and the Lion Lager Summer Festival which ensured that our brands continued to resonate with the aspirations of our consumers.

There is a focus on driving affordable product offerings through activities to promote Eagle Lager and draught beer. These formats resonate well with our consumers who patronise in bars and beer halls throughout the country. We have therefore increased the investment in glassware and draught beer equipment hence the volume growth recorded in the key channels.

LAGER BEER TRADE CHANNEL SALES



Special Events	2%
Bottle Store	13%
General Dealer	17%
Hotel & Restaurant	4%
Other	2%
Bar	14%
Supermarket	6%
Wholesale/Distributor	42%

Our brands continue to be refreshed through package renovations. Of particular note was the addition of the non-returnable bottles to our stable of premium beers.

Review of Operations (continued)

SPARKLING BEVERAGE BUSINESS

Sparkling beverage volume for the year at 1,6 million hectolitres was 2% below prior year. This is a reasonable outturn in view of the head winds in the economy.

The category benefited from the expansion of the production capacity which allowed the introduction of new PET packs such as the 350 ml and one litre in main flavours. In addition, on-going investments in new pack formats will ensure that we defend our market position in the face of growing competition.

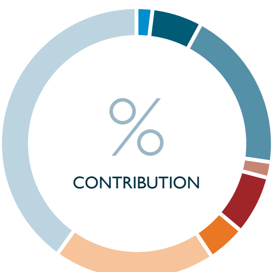
We have continued to invest in cold drink infrastructure for both the formal and informal sectors. The market has become more competitive hence the Company will continue to invest behind the brands, optimise on the value chains in order to provide the consumer with brand and pack options at competitive prices.

The Coca-Cola partnership with FIFA saw the launch of the Soccer Samba Promotion to generate excitement around the World Cup 2014 in Brazil where consumers were rewarded for consuming Coca-Cola brands.

We continue to work with our retail partners to improve the access to our products and improve market execution. The various brands continued to support consumer activities such as the Copa Coca-Cola Schools soccer, HIFA, cricket, basketball as well as musical events.

The business continues to leverage its association with The Coca-Cola Company in areas of training, market development programs, productivity improvements and implementation of best practice in distribution and consumer marketing.

SPARKLING BEVERAGE TRADE CHANNEL SALES



Special Events	2%
Bottle Store	6%
General Dealer	19%
Hotel & Restaurant	2%
Other	7%
Bar	5%
Supermarket	19%
Wholesale/Distributor	40%

The first Coke bottle sold in this country in 1948 for two pence wholesale and three pence retail, with a one-penny bottle deposit.

Review of Operations (continued)

SORGHUM BEER BUSINESS

Sorghum beer volume grew by 12% on prior year as consumers moved to value products coupled with exceptional acceptance of the Chibuku Super brand.

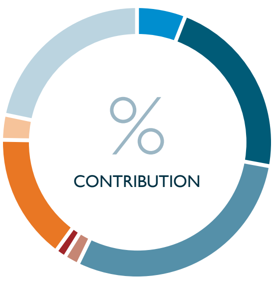
During the year under review, the company invested US$12million in expanding the production capacity of the Chibuku Super plant at Chitungwiza to over 33,000 bottles per hour which will facilitate distribution of this brand throughout the country. The investment covered brewing vessels, packaging equipment and an upgrade to services and utilities plant, creating a fully integrated factory. The introduction of the 1,25 litre pack has allowed the Company to offer the consumer a well-priced, value for money pack proposition.

Our sponsorship properties such as the Chibuku Road-to-Fame and Neshamwari Dance Festivals together with brand promotions were a source of excitement and brand connection with our loyal consumers. The end of the year saw the launch of the Chibuku Super Cup sponsorship deal with the Premier Soccer League which will re-ignite memories of the brand's association with football through properties such as the legendary Chibuku Cup and also create consumption occasions for our consumers.

The Company is working collaboratively with the Liquor Licensing Board to compel alcoholic beverages traders to renew liquor licenses.

On the Copperbelt in the 1950s, a small brewery manufactured sorghum beer in a most informal manner. After each delivery the truck driver had to report on the customer response to the last brew. The recipe was adjusted to meet approval and the details entered into a book. The recipe book was then referred as e-book-u, the root of the celebrated name Chi-buku.

SORGHUM BEER TRADE CHANNEL SALES



Special Events	6%
Bottle Store	22%
General Dealer	29%
Hotel & Restaurant	2%
Other	1%
Bar	15%
Supermarket	3%
Wholesale/Distributor	22%

The introduction of the 1,25 litre pack has allowed the Company to offer the consumer a well-priced, value for money pack proposition.

Review of Operations (continued)

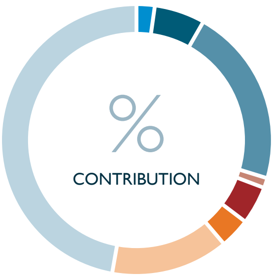
ALTERNATIVE BEVERAGES BUSINESS

The alternative beverages business, which comprises mainly the Maheu and dairy flavoured drinks had a pleasing outturn with volumes growing by 33% above prior year.

This was mainly due to increased supply as well as strong demand for the nutritious beverage options. Our on-going brand awareness initiatives, trade execution activities and improved countrywide distribution provided support for the growth. In addition, the brand was exhibited at the annual Zimbabwe International Trade Fair and the Harare Agricultural Show to drive increased awareness and consumer engagement.

A new brand offering, SuperSip, which is a dairy based beverage was launched during the year and has delivered a good volume in this highly competitive beverage category. We are investing in the cold drink infrastructure to support the strong growth of the SuperSip brand. Further investments in the production capacity are in progress which will allow additional innovations around the category.

ALTERNATIVE BEVERAGES CHANNEL SALES



Special Events	2%
Bottle Store	6%
General Dealer	21%
Hotel & Restaurant	1%
Other	5%
Bar	4%
Supermarket	14%
Wholesale/Distributor	47%

A new brand offering, SuperSip, which is a dairy based beverage was launched during the year

Review of Operations (continued)

TRANSPORT AND DISTRIBUTION OPERATIONS

The Company operates an internal distribution fleet which comprises 218 prime mover vehicles and 452 trailers. This is complemented by a network of over thirty depots and customer collection centres.

This allows the Company to deliver its products directly to over 20 000 customers. The fleet travelled some 10,2 million kilometres during the year. A total of fifty six new vehicles were acquired during the year to displace some older units as part of the ongoing programme to improve the fleet operating efficiency and the vehicle age profile. Significant improvements in vehicle utilisation and cost efficiency were achieved, notably the reduction in fuel consumption and tyre replacements. The Division is expanding maintenance capability by outsourcing certain services to the franchise vehicle vendors.

A total of twenty one new forklift trucks were purchased during the year to bring the total complement to 102. The introduction of double fork units at the high volume centres has significantly improved warehouse operations.
The trailer backs and curtains and the branded urban delivery fleet continue to be used as a communication platform for pricing and consumer promotion information. The Division continues to invest in driver training in order to reduce the frequency of accidents. Our drivers performed very well in the Traffic Safety Board driver of the year 2014 with our candidates scooping first, third and fourth place. They will represent the country in the international competitions.

1985 ANNUAL REPORT
'We have established the Delta Distribution as part of our strategy to support the beverage operations in improving product availability and service to the many thousands of retail outlets throughout Zimbabwe, at lowest possible cost. The Division will provide suitable designed and adequetly maintained vehicles to the beverage
J. D. Carter (Former Chairman)

The trailer backs and curtains and the branded urban delivery fleet continue to be used as a communication platform for pricing and consumer promotion information.

Review of Operations (continued)

MALTINGS

The barley intake from the 2013 winter crop was at a record of 46 200 tonnes from 7 685 hectares contracted for the season. The yield improved to 6,01 tonnes per hectare from 5,3 tonnes per hectare achieved the previous season. The improvement in yields is attributed to improved farmer performance, the more stable supply of electricity and better availability of ground and surface water.

The improvement in yields and farmer performance has however happened at a time when the malt off-take by the local breweries has reduced due to the economic down turn, the impact of high excise duty and high beer retail prices. The contracts for the 2014 season have been cut down significantly in order to run down the excess barley stocks.

The export of malt to regional markets is constrained by the relatively high barley producer prices which make the final malt price unviable. The potential customers are landing malt from overseas sources at competitive prices. It is therefore imperative for the value chain players to work collaboratively to increase farm yields, reduce the input prices and therefore achieve more sustainable barley producer prices.

The existing malting capacity at Kwekwe continues to be utilised for the toll malting arrangement for Zambia with a total of 7 600 tonnes of malt processed during the year.

The sorghum malting operation at Aspindale in Harare recorded an increase in throughput driven by the upsurge in the sorghum beer volumes. Sufficient quantities of both low tannin sorghum and red malting sorghum were received in the 2013 season. A total of 7 900 hectares have been contracted for the 2014 summer season from both the commercial and communal farming sectors with a target intake of 13 000 tonnes. The contracts prioritise the communal sector which accounts for 60% of the hectarage as part of the Company's sustainable development initiatives.

Research and development work on both barley and sorghum varieties is continuing, which is expected to result in improved agronomic and brewing performance. The Sierra variety has performed well alongside Hope, hence its share of output will be scaled up in the coming years. Some two barley varieties are currently undergoing purity tests. These initiatives are progressing behind schedule due to the deterioration of technical support from the relevant government agencies.

The improvement in yields is attributed to improved farmer performance, the more stable supply of electricity and better availability of ground and surface water.

Review of Operations (continued)

MEGA PAK ZIMBABWE

Mega Pak is the Group's joint venture enterprise with partner Nampak Limited of South Africa which produces a range of both primary and secondary plastic packaging products for the company's beverages business and other related industries.

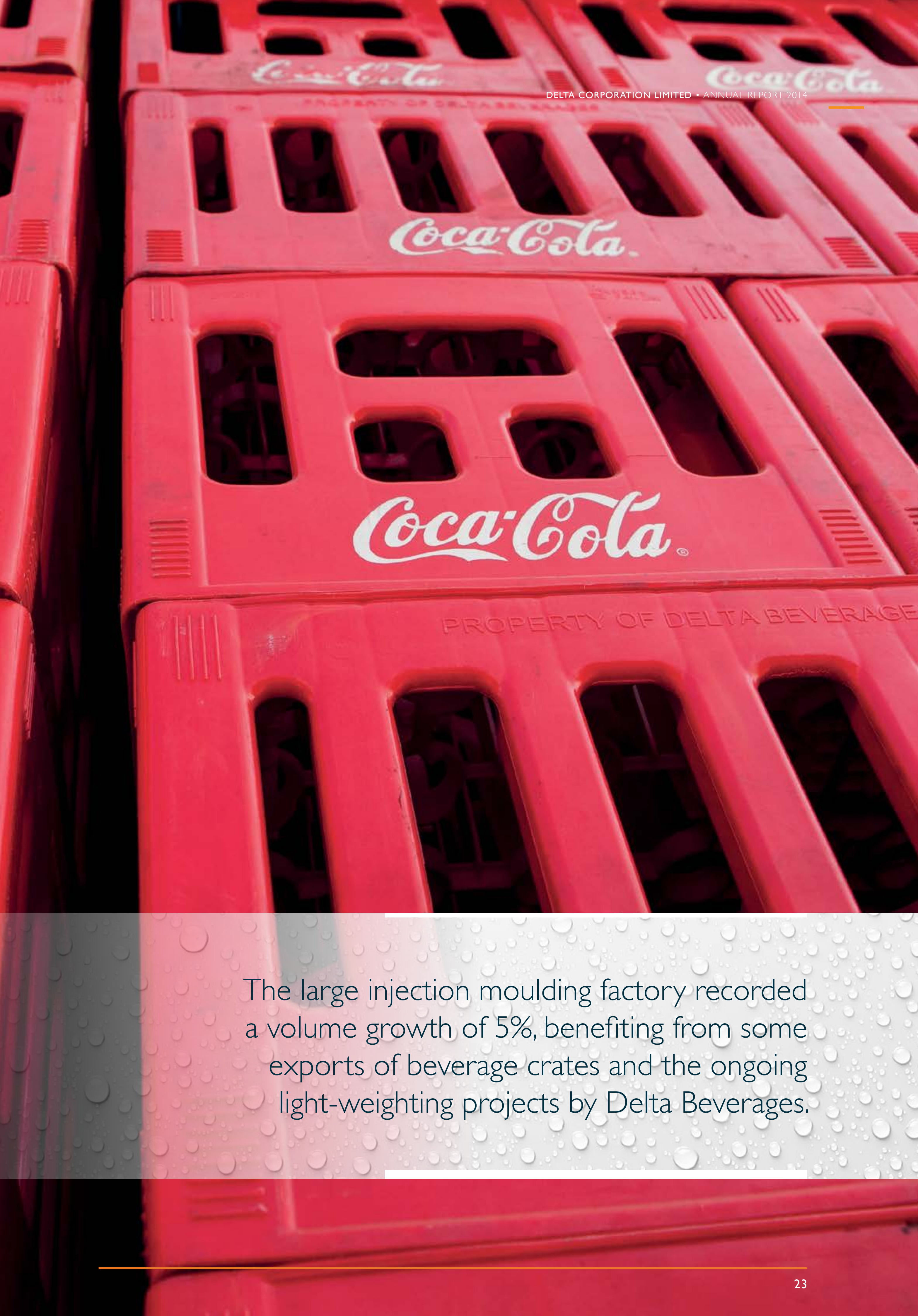
We continue to explore opportunities for synergies with other Nampak related entities in Zimbabwe as part of the endeavour to be the packaging supplier of choice in Zimbabwe. The company celebrates its 20th anniversary in 2014.

The plastic packaging volumes sold for the year, at 10 495 tonnes, were 11% up on last year. The volume mix continues to change as most beverages manufacturers transition to using preforms instead of purchasing bottles.

The large injection moulding factory recorded a volume growth of 5%, benefiting from some exports of beverage crates and the ongoing light-weighting projects by Delta Beverages. PET packaging sales volumes decreased by 33% due to continued decline in the edible oils and cordials sectors. The key customers in beverages have converted to using preforms. There was some loss of capacity in the fourth quarter following a fire that destroyed part of the factory. The PET preform sales volumes rose by 68% and contributed 34% of total sales volumes.

The blow moulding factory sales volumes grew by 4%, with the growth in the sales to the Maheu and dairy fruit mix sectors and some decline in the beer plastic bottles due to delay in the re-investments in new bottles ahead of a planned change in design. A new blower of HDPE bottles was installed at the customer's factory to take advantage of the anticipated growth in the Maheu and new dairy flavoured drinks.

The financial performance was satisfactory and in line with target as the business has focused on price competitiveness, defending market share and growth in key segments such as PET preforms.



The large injection moulding factory recorded a volume growth of 5%, benefiting from some exports of beverage crates and the ongoing light-weighting projects by Delta Beverages.

Review of Operations (continued)

SCHWEPPES ZIMBABWE LIMITED

Schweppes Zimbabwe Limited is a manufacturer and distributor of non-carbonated, still beverages under licence from The Coca-Cola Company. The product portfolio currently includes cordials, fruit juices, bottled water and flavoured drinks.

The beverage volumes for the year ended December 2013 were 15% above prior year on an undiluted basis. The volume outturn reflects the increase in the contribution of the Minute Maid Juice drinks and the revival of the flagship Mazoe Orange Crush following a price roll-back in March 2013. The juice drink products continue to gain market acceptance with market share indicated at over 40%. The company continues to import juices and nectars in cans and tetra pack cartons to cover existing market gaps.

The brands continue to maintain dominant market shares in the cordials, still water and nectars segments. The positive volume performance continued into the quarter ended March 2014 driven by the Mazoe Orange Crush Heritage promotion which celebrated the recognition of the brand as Zimbabwe national heritage product.

There are some initiatives to revive exports of both cordials and juice drinks into the regional markets.

The business continues to invest in the market place with a significant deployment of cold drink equipment to support the still water and the ready to drink product offerings. The route to market has been revamped to focus on direct deliveries to retail customers.

The profit margins softened during the year due to some cost pressures in some raw materials notably sugar and juice concentrates. Some significant progress has been recorded in factory operations, production and distribution cost efficiencies. 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 2014.

The key focus areas for the current year relate to stabilising the supply of key raw materials such as sugar and juice concentrates, improvements in production efficiencies and driving volume particularly for the juice drinks.

Review of Operations (continued)

AFRICAN DISTILLERS LIMITED

African Distillers Limited is a public quoted company whose core business is the manufacture, distribution and marketing of branded wines, spirits, liqueurs and ciders for the Zimbabwean market and for export.

The associate company continues to register growth in both volumes and revenues despite the difficult trading environment. Volumes for the nine months to March 2014 are 4% up on prior year whist revenue grew by 15% driven by the locally produced products. The product portfolio is being expanded with the addition of ready to drink offerings such as the recently launched Esprit.

A rights issue was undertaken which raised a total of $5 million dollars required to fund the new plant to allow for the local production of the flagship cider brands and to improve the production efficiencies.

The company reported a profit after tax of $1,0 million for the six months to December 2013 with some notable improvements in margins and cost management.

Report of the Directors

The Directors present their Sixty-Seventh Annual Report together with the Audited Financial Statements of the Group for the year ended 31 March 2014.

YEAR'S RESULTS

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

	US$000
Earnings attributable to Shareholders	105 664
Transfer from share option reserve	1 932
	107 596
Less Dividends	
Interim $0,013 per share paid December 2013	15 994
Final $0,0225 per share payable June 2014	27 772
Share Buy Back	4 280
Add	
Distributable Reserves at the beginning of the year	273 867
Distributable Reserves at the end of the year (net of proposed dividends)	333 447

Report of the Directors (continued)

PROPERTY, PLANT AND EQUIPMENT

Capital expenditure (inclusive of returnable containers) for the year to 31 March 2014 totalled $66,2 million. The capital expenditure for the year to 31 March 2015 is planned at $54 million.

INVESTMENTS

The Company's effective shareholding in African Distillers Limited is 31,1% and that in Schweppes Zimbabwe Limited is 49%.

SHARE CAPITAL

The authorised share capital of the Company was redenominated in 2009 to US$14,0 million comprising 1 400 000 000 ordinary share of US$0,01 (one cent) each. The issued share capital has increased by the allotment of 14 201 900 ordinary shares in accordance with the share option schemes. The ordinary shares in issue are 1 241 564 715.The Company held a total of 7 514 234 of its own shares as treasury stock.

Accordingly, the issued share capital is now $41,3 million comprising nominal capital of $12,3 million and share premium of $29,0 million. The number of shares currently under option is 24 619 220.

DIVIDENDS

The Board declared an interim dividend of 1,30 US cents per share and a final dividend of 2,25 US cents per share.This brings the total dividend in respect of the year ended 31 March 2014 to 3,55 US cents per share.

RESERVES

The movements in the Reserves of the Group and the Company are shown in the Consolidated and Company Statement of Profit or Loss and Other Comprehensive Income, Group and Company Statements of Changes in Equity and in the Notes to the Financial Statements.

DIRECTORS

Mr G H Nel was appointed to the Board as an alternate director to Mr J A Kirby in July 2013.

Messrs E R Mpisaunga and M P Karombo stepped down as directors of the Company on 31 March 2014. They both remain in their roles as executives of the Group.

Mr P Gowero, Mr LEM Ngwerume and Mr M M Valela are due to retire by rotation. Being eligible, they will offer themselves for re-election.

No Director had, during or at the end of the year, any material interest in any contract of significance in relation to the Group's businesses. Mr C F Dube is a senior partner at Dube, Manikai and Hwacha Legal Practitioners, a firm that provides legal services to the Group. The beneficial interests of the directors in the shares of the Company are shown in note 18 of the financial statements.

AUDITORS

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

ANNUAL GENERAL MEETING

The Sixty- Seventh Annual General Meeting of the Company will be held at 12:00 hours on Wednesday 30 July 2014 at the Registered Office of the Company at Sable House, Borrowdale, Harare.

BY ORDER OF THE BOARD

C F DUBE
Chairman

P GOWERO
Chief Executive

A MAKAMURE
Company Secretary

9 May 2014

Corporate Governance

THE DELTA CODE

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

STAKEHOLDERS

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

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

DIRECTORATE

The Board of Directors of Delta is constituted with an equitable ratio of executive to non-executive directors and meets at least quarterly. A non-executive director chairs the Delta Board. Short biographies of each of the directors are on page 79. The Board governs through clearly mandated board committees, which have specific written terms of reference. Committee chairmen report orally on the proceedings of their committees at the next meeting of the 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 and is responsible for the assessment and approval of the Group's remuneration strategy and to review the short-term and long-term remuneration of executive directors and senior executives.

THE NOMINATION COMMITTEE

The Nomination Committee is an ad hoc committee of the Board whose main focus is to consider the composition of the Board and its committees, the retirement, appointment and replacement of directors, and makes appropriate recommendations to the Board. It comprises all the members of the Remuneration Committee (of which the Chief Executive Officer is a member) and the chairman of the Audit Committee.

Corporate Governance (continued)

CORPORATE GOVERNANCE AND RISK MANAGEMENT

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

The environment in which the Company operates is subject to such levels of change that regular reassessment of risk is necessary to protect the Company.

In view of this, each part of the business has developed detailed contingency action plans to minimise the lead-time necessary to adapt to changes in circumstances. These plans are then updated whenever a change is noted or anticipated.

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

DIRECTORS' ATTENDANCE OF MEETINGS

(From 1 April 2013 to 31 March 2014)

NAME OF DIRECTOR	Main Board		Audit Committee		Remuneration Committee	
	Attended	Possible	Attended	Possible	Attended	Possible
Mr P Gowero	4	4	2	2	4	4
Mr M J Bowman	3	4				
Mr C F Dube	4	4	2	2	4	4
Mr S J Hammond	3	4			3	4
Mr M P Karombo	3	4				
Mr J A Kirby	4	4			4	4
Mr E R Mpisaunga	4	4				
Mr L E M Ngwerume	2	4				
Prof H C Sadza	3	4				
Mr T N Sibanda	3	4	2	2		
Mr M M Valela	4	4				
Mr G Nel (Alternate)	1	1	1	1		

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 performance 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 International Financial Reporting Standards and best practice.

The Directors have reviewed the Group's budget and cash flow forecast for the year to 31 March 2015. 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 31.

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 2014, which appear on pages 31 to 67 were approved by the Board of Directors on 9 May 2014 and are signed on its behalf by:

C F DUBE
CHAIRMAN

P GOWERO
Chief Executive Officer

Annual Financial Statements

for the year ended 31 March

Our priorities include the building and nurturing of strong brand portfolio that earn the support and attention of our customers and consumers.

Report of the Independent Auditors

To the Members of Delta Corporation Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Delta Corporation Limited (the Company) and its subsidiaries (the Group) on pages 31 to 67, which comprise the consolidated statement of financial position as at 31 March 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03) 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 2014 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 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
9 May 2014

Deloitte.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 March

	Notes	2014 US$ 000	2013 US$ 000
REVENUE	8	625 517	631 276
NET OPERATING COSTS	9.1	(491 333)	(496 287)
OPERATING INCOME		134 184	134 989
Finance cost		(5 744)	(7 478)
Finance income		9 507	6 904
Share of profit of associates	13	2 283	2 458
Profit before tax		140 230	136 873
Taxation	11	(33 037)	(32 750)
PROFIT FOR THE YEAR		107 193	104 123
OTHER COMPREHENSIVE INCOME FOR THE YEAR		—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		107 193	104 123
Profit for the year attributable to:			
Owners of the parent		105 664	102 472
Non-controlling interest		1 529	1 651
		107 193	104 123
Weighted average shares in issue (millions)		1 235,5	1 206,9
EARNINGS PER SHARE (CENTS)			
- Attributable earnings basis	5.6	8,55	8,49
- Fully diluted basis	5.6	8,49	8,42

Consolidated Statement of Financial Position

at 31 March

	Notes	2014 US$ 000	2013 US$ 000
ASSETS			
Non-current Assets			
Property, plant and equipment	12	353 209	319 241
Investments in associates	13	21 378	16 805
Investments, loans and trademarks	14	13 850	13 793
		388 437	349 839
Current Assets			
Inventories	15	100 153	93 012
Trade and other receivables	16	44 807	43 999
Cash and cash equivalents		86 489	75 088
		231 449	212 099
Total Assets		619 886	561 938
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		12 342	12 230
Share premium		28 982	24 049
Share options reserve		3 527	3 054
Retained earnings		361 219	301 137
Equity attributed to equity holders of the parent		406 070	340 470
Non-controlling interest		8 309	6 780
Total shareholders' equity		414 379	347 250
Non-current Liabilities			
Borrowings	19	—	60 000
Deferred tax liabilities	11	35 769	30 740
		35 769	90 740
Current Liabilities			
Borrowings	19	71 293	18 605
Container deposits		24 355	24 242
Trade and other payables	20	71 324	78 475
Current tax liability		2 766	2 626
		169 738	123 948
Total Equity and Liabilities		619 886	561 938
Net asset value per share (Cents)		32,87	28,21

The financial statements were approved by the Board of Directors and are signed on their behalf by:

CF DUBE
CHAIRMAN
9 May 2014

P GOWERO
CHIEF EXECUTIVE OFFICER

Consolidated Statement of Cash Flow

for the year ended 31 March

	Notes	2014 US$ 000	2013 US$ 000
Cash flow from operating activities			
Cash generated from operating activities	21.1	167 927	170 077
Increase in working capital	21.2	(14 987)	(4 965)
Cash generated from operations		152 940	165 112
Finance cost		(5 744)	(7 478)
Finance income		9 507	6 904
Income taxation paid	21.3	(27 868)	(30 444)
Net cash flow from operating activities		128 835	134 094
Cash flow from investing activities			
Increase/(decrease) in loans	14.2	57	(7)
Dividend received from associate		227	—
Purchase of shares in associate		(2 516)	—
Purchase of property, plant and equipment to expand operations		(30 048)	(63 771)
Purchase of property, plant and equipment to maintain operations		(36 129)	(19 859)
Proceeds from disposal of property, plant and equipment		756	300
Net cash utilised in investing activities		(67 653)	(83 337)
Cash flow from financing activities			
Dividend paid	21.4	(43 264)	(28 970)
Decrease in short-term borrowings	21.6	(7 312)	(2 776)
Increase in shareholder funding	21.7	5 075	4 843
Share buy back		(4 280)	(4 344)
Net cash utilised in financing activities		(49 781)	(31 247)
Net increase in cash and cash equivalents		11 401	19 510
Cash and cash equivalents at beginning of the year		75 088	55 578
Cash and cash equivalents at end of the year	21.8	86 489	75 088
Cash flow per share (cents)	5.7	12,20	13,46

Consolidated Statement of Changes in Equity

for the year ended 31 March

	Notes	Share Capital US$ 000	Share Premium US$ 000	Share Options Reserve US$ 000	Retained Earnings US$ 000	Attributable to owners of the parent US$ 000	Non controlling interest US$ 000	Total Equity US$ 000
At 1 April 2012		11 927	19 553	3 553	228 907	263 940	5 129	269 069
Share options exercised		347	4 496	—	—	4 843	—	4 843
Share buy back	17.5	(44)	—	—	(4 300)	(4 344)	—	(4 344)
Transfer from share options reserves		—	—	(3 028)	3 028	—	—	—
Recognition of share based payments		—	—	2 529	—	2 529	—	2 529
Total comprehensive income for the year		—	—	—	102 472	102 472	1 651	104 123
Payment of dividends	21.4	—	—	—	(28 970)	(28 970)	—	(28 970)
At 1 April 2013		**12 230**	**24 049**	**3 054**	**301 137**	**340 470**	**6 780**	**347 250**
Share options exercised		142	4 933	—	—	5 075	—	5 075
Share buy back	17.5	(30)	—	—	(4 250)	(4 280)	—	(4 280)
Transfer from share options reserves		—	—	(1 932)	1 932	—	—	—
Recognition of share based payments		—	—	2 405	—	2 405	—	2 405
Total comprehensive income for the year		—	—	—	105 664	105 664	1 529	107 193
Payment of dividends	21.4	—	—	—	(43 264)	(43 264)	—	(43 264)
At 31 March 2014		**12 342**	**28 982**	**3 527**	**361 219**	**406 070**	**8 309**	**414 379**

Notes to the Consolidated Financial Statements

for the year ended 31 March

1. GENERAL INFORMATION

Delta Corporation Limited (the Company) is a public limited company which is listed on the Zimbabwean Stock Exchange and incorporated and domiciled in Zimbabwe. The principal activities of the Company and its subsidiaries (the Group) include the manufacture and distribution of cold beverages and some value added activities related there to.

2. CURRENCY OF ACCOUNT

These financial statements are presented in United States Dollars being the functional and reporting currency of the primary economic environment in which the Group operates.

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

3.1 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 and annual improvements to IFRSs with no significant impact on the consolidated results or financial position:

- IFRS 1 – First-time Adoption of International Financial Reporting Standards: Amendments relating to government loans with a below-market rate of interest when transitioning to IFRS.
- IFRS 7 – Financial Instruments: Disclosures: Amendments relating to the offsetting of assets and liabilities.
- IFRS 10 – Consolidated Financial Statements: The standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements.
- IFRS 11 – Joint Arrangements: The standard replaced IAS 31 and establishes principles for financial reporting by entities that have an interest in joint arrangements.
- IFRS 12 – Disclosures of Interests in Other Entities: The standard deals with the disclosure requirements regarding an entity's interests in subsidiaries, joint arrangements, investment in associates or other unconsolidated structured entities.
- IFRS 13 – Fair Value Measurement: The standard provides a single framework, within which fair value is defined, provides guidelines on how to measure fair value and also provides guidelines on the required disclosures.
- IAS 1 – Presentation of Financial Statements: Amendments to revise the way other comprehensive income is presented (effective for annual financial statements for periods beginning on or after 1 July 2012).
- IAS 19 – Employee Benefits: The amendment deals with various aspects ranging from modification of accounting for termination benefits to enhanced disclosures about defined benefit plans.
- IAS 27 – Separate Financial Statements: The revised standard deals with the accounting and disclosure of an entity's interest in subsidiaries, joint ventures and associates in the entity's separate financial statements.
- IAS 28 – Investment in Associates and Joint Ventures: The revised standard prescribes the accounting for investment in associates, and also sets out the requirements for the equity method when accounting for investments in associates and joint ventures.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

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

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

Management is assessing the impact of these on the Group's financial statements on future reporting periods:

- IFRS 7 – Financial Instruments: Disclosures: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective when IFRS 9 is applied).
- IFRS 9 – Financial Instruments: Classification and measurement of financial assets and accounting for financial liabilities and de-recognition. This standard is set to replace the current IAS 39 (there is no mandatory effective date).
- IFRS 10 – Consolidated Financial Statements: Amendments that relate specifically to investment entities (effective for annual periods beginning on or after 1 January 2014).
- IFRS 12 – Disclosures of Interests in Other Entities: Amendments that relate specifically to investment entities (effective for annual periods beginning on or after 1 January 2014).
- IAS 19 – Employee Benefits: Amendments clarifying the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service (effective for annual periods beginning on or after 1 January 2014).
- IAS 27 – Separate Financial Statements: Amendments that relate specifically to investment entities (effective for annual periods beginning on or after 1 January 2014).
- IAS 32 – Financial Instruments: Presentation: Amendments to application guidance on the offsetting of financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2014).
- IAS 36 – Impairment of Assets: Amendments arising from recoverable amount disclosures to non-financial assets (effective for annual periods beginning on or after 1 January 2014).
- IAS 39 – Financial Instruments: Recognition and Disclosure: Amendments to novations of derivatives (effective for annual periods beginning on or after 1 January 2014).
- IAS 39 – Financial Instruments: Recognition and Disclosure: Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective when IFRS 9 is applied).
- IFRIC 21 – Levies: Provides guidance on when to recognise a liability for a levy imposed by a government (effective for annual periods beginning on or after 1 January 2014).

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). The financial statements have been prepared in compliance with the Zimbabwe Companies Act (Chapter 24:03).

4.2 BASIS OF PREPARATION

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

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

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 Group companies' financial years end on 31 March with the exception of two associates, Schweppes Zimbabwe Limited, which has a 31 December year end and AFDIS Holdings 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 or loss in the period of acquisition.

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions and balances are eliminated on consolidation.

4.4 INVESTMENTS IN ASSOCIATES

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the statement of financial position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognised. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. 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 or loss in the period of acquisition. Where a Group company transacts with an associate of the Group, profits or 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

4.5 NON-CURRENT ASSETS HELD FOR SALE (continued)

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 acquired and liabilities assumed in a business combination. 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 cash generating unit to which goodwill was allocated, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.7 FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The Group's financial statements are presented in United States Dollars, which is the Group's functional and presentation currency. Assets and liabilities denominated in foreign currencies are converted to United States Dollars at the rates of exchange ruling at the end of the reporting date. 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 profit or loss in the determination of the operating income.

4.8 BORROWING COSTS

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

4.9 PROPERTY, PLANT AND EQUIPMENT

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

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

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

	Method	Period
Buildings:		
Freehold	Straight line	60 years
Leasehold	Straight line	Over-lease
Plant and Equipment:	Reducing balance and straight line	5-25 years
Vehicles:	Straight line	4-10 years
Returnable Containers:	Straight line	1-4 years

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

4.9 PROPERTY, PLANT AND EQUIPMENT (continued)

Returnable containers

Returnable containers which comprise bottles and crates are considered to be property, plant and equipment which are sold and re-purchased at their deposit prices at reporting date. 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 on the Statement of financial position as container deposits, to reflect the estimated value of the returnable container population in the market and the Group's 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 the 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 profit or loss.

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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

4.11 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

Tangible and intangible assets are assessed for potential impairment at each reporting date. If circumstances exist which suggest that there may be impairment, a more detailed exercise is carried out which compares the carrying values of the assets to recoverable value based on the higher of fair value less costs to sell and value in use. Value in use is determined using discounted cash flows budgeted for each cash generating unit. Detailed budgets for the ensuing three years are used and, where necessary, these are extrapolated for future years taking into account known structure changes. Service division assets and cash flows are allocated to operating divisions as appropriate. Discount rates used are the medium term expected pre-tax rates of return. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Impairment losses are recognised as an expense in profit or loss and the carrying value of the asset and its annual depreciation are adjusted accordingly. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, and the gain is recognised in profit or loss. The increased carrying amount is limited to the value which would have been recorded had no impairment loss been recognised in prior years.

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

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For categories of financial assets such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

4.12 SHARE BASED PAYMENTS

The Group issues share options to certain employees. The options are valued at fair value at the date of grant. The fair value determined is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, and the liability is disclosed in a share options reserve which forms part of equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. The fair value is calculated using the Black-Scholes option pricing model, as adjusted for dividends by Robert Merton. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions with regards to closed periods and behavioural considerations. The value transferred to the share options reserve is amortised to retained earnings as the related share options are exercised or forfeited.

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

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

4.12 SHARE BASED PAYMENTS (continued)

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 the 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 profit or loss.

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 profit or loss.

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 the interest expense recognised on an effective yield basis.

4.15 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. It comprises sales (net of trade discounts), fees and rentals and excludes 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

4.15 REVENUE RECOGNITION (continued)

Interest income

Interest income 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.

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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

4.16 TAXATION (continued)

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

4.17 RETIREMENT BENEFIT COSTS

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

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

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

4.18 LEASE PAYMENTS

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

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

4.19 PROVISIONS

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

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

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

4.19 PROVISIONS (continued)

Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation to those affected that it will carry out the restructuring by starting to either 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 affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the 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 assumptions and methodology underlying the valuation of share based payments are fully described in Note 17.

  Fair Value of Share options issued in the current year
  Options were valued using the Black Scholes model. Expected volatility is based on the Company's historical share price volatility since dollarisation. Refer to note 17.4.

- **Impairment of financial assets**
  Impairment of financial assets is an area that requires significant judgement. Refer to Note 4.11 for more details.

- **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 into 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 plant, the residual value at the end of useful life has been assessed as negligible due to the specialist nature of the plant, technology changes and likely de-commissioning costs. Heavy motor vehicles are considered to have a residual value, at end of useful life, of approximately 20% of their original cost.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

4.20 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

- **Associates**

  Associates are entities in which the Group has a long-term interest and over which the Group has significant influence, where significant influence is the ability to participate in the financial and operating policy decisions of the investee.

  The associates AFDIS Holdings Limited and Schweppes Zimbabwe Limited have statutory accounting reference dates of 30 June and 31 December respectively. In respect of each financial year ending 31 March, these companies are included based on financial statements drawn up to the previous reporting date but taking into account any changes in the subsequent period from such reporting date to 31 March that would materially affect the results.

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.

  As explained in note 4.9 the deferred container expenditure is amortised from 1 to 4 years following the year of purchase. The Group recognises write offs for containers in excess of 4 years only to the extent to which the Group has re-purchased and destroyed containers on hand.

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 (continued)

for the year ended 31 March

5.6 EARNINGS PER SHARE

Attributable and fully diluted earnings bases

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. Dilution arising in respect of share options granted amounts to 0,79% and 0,88% for 2014 and 2013 respectively.

The weighted number of shares was:

	2014 Number of Shares in millions	2013 Number of Shares in millions
Ordinary shares	1 236	1 207
Share options	9	11
Fully diluted number of shares	1 245	1 218

5.7 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 interests therein, by the weighted average number of ordinary shares in issue.

5.8 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.

8. REVENUE

	2014 US$ 000	2013 US$ 000
Gross sales	733 874	740 162
Less VAT and discounts	(108 357)	(108 886)
Revenue	625 517	631 276
Less excise duty & levies (Refer to note 9.1)	(83 338)	(85 485)
Net sales	542 179	545 791

All income has been derived from the sale of goods.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

9. OPERATING INCOME

Operating income is arrived at after charging:-

9.1 NET OPERATING COSTS

	2014 US$ 000	2013 US$ 000
Raw materials and consumables used	212 441	213 375
Depreciation expense (note 9.2)	31 072	26 530
Staff costs	97 615	102 653
Restructuring costs	—	2 890
Excise duties and levies	83 338	85 485
Share option expense	2 405	2 529
Repairs and maintenance	19 830	19 990
Selling and marketing expenses	12 949	13 043
Other operating expenses	31 683	29 792
	491 333	496 287

9.2 DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

	2014 S$ 000	2013 US$ 000
Buildings	1 621	1 654
Plant and equipment	17 419	14 640
Vehicles	3 438	2 715
Containers (deferred container expenditure)	8 594	7 521
	31 072	26 530

9.3 AUDITORS' REMUNERATION

	2014 US$ 000	2013 US$ 000
Current year audit fees and expenses	441	428

10 THE GROUP AS A LESSEE

10.1 LEASING ARRANGEMENTS

Operating leases relate mainly to leases of land and buildings with lease terms of between 5 and 10 years. All operating lease contracts over 5 years contain clauses for annual market rental reviews. The Group does not have an option to purchase the leased properties at the expiry of the leased periods.

10.2 NET LEASING EXPENSE

	2014 US$ 000	2013 US$ 000
Lease payments:		
- Minimum lease payments	2 112	1 901

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

10 THE GROUP AS A LESSEE (continued)

10.3 NET FUTURE OPERATING LEASE COMMITMENTS

	2014 US$ 000	2013 US$ 000
Lease payments:		
- Payable within one year	1 525	2 069
- Payable two to five years	6 714	7 940
	8 239	10 009

11. TAXATION

11.1 TAXATION

	2014 US$ 000	2013 US$ 000
Income tax:		
Current tax	27 470	28 385
Withholding tax	538	872
Deferred tax	5 029	3 493
	33 037	32 750

11.2 RECONCILIATION OF RATE OF TAXATION

	2014 %	2013 %
Standard rate	25,75	25,75
Adjusted for:		
Effect of expenses not deductible for tax	0,62	0,73
Effect of income not taxable in determining taxable profit:		
Effects of associates income	(0,43)	(0,46)
Other permanent differences	(2,38)	(2,09)
Effective rate	23,56	23,93

11.3 DEFERRED TAX LIABILITIES

	2014 US$ 000	2013 US$ 000
Balance at beginning of year	30 740	27 247
Charge to profit or loss	5 029	3 493
Balance at end of year	35 769	30 740
Analysis of balance at end of year		
Property, plant and equipment	36 004	31 693
Other temporary differences	(235)	(953)
	35 769	30 740

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

12. PROPERTY, PLANT AND EQUIPMENT

	2014 US$ 000	2013 US$ 000
FREEHOLD PROPERTIES		
Cost	105 734	106 657
Accumulated depreciation	(52 901)	(51 588)
	52 833	55 069
PLANT AND EQUIPMENT		
Cost	344 050	311 052
Capital work in progress	22 005	24 414
	366 055	335 466
Accumulated depreciation	(161 411)	(160 984)
	204 644	174 482
VEHICLES		
Cost	56 704	54 263
Accumulated depreciation	(31 432)	(29 780)
	25 272	24 483
CONTAINERS		
Containers on hand	46 105	40 965
Containers in the market	24 355	24 242
	70 460	65 207
Total property, plant and equipment	353 209	319 241
Movement in net book amount for the year:		
At beginning of the year	319 241	268 470
Capital expenditure	66 177	83 630
Disposals	(1 468)	(658)
Increase/(Decrease) in containers in the market and other adjustments	331	(5 671)
Depreciation charged to operating income	(31 072)	(26 530)
At end of the year	353 209	319 241
Capital expenditure comprised:		
Freehold properties	1 121	2 897
Plant and equipment	42 387	58 470
Vehicles	7 420	5 228
Containers	15 249	17 035
	66 177	83 630
Disposals comprised:		
Freehold properties	232	1
Plant and equipment	1 058	30
Vehicles	178	627
	1 468	658

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

13. INVESTMENTS IN ASSOCIATES

	2014 US$ 000	2013 US$ 000
Shares at cost	5 439	2 923
Post acquisition reserves	15 939	13 882
	21 378	16 805
Analysis of results and statement of financial position of associates.		
AFDIS Holdings Limited (31,14%) (2013: 28,4%)		
Shares at cost	4 909	2 393
Group's share of post acquisition losses	(436)	(884)
	4 473	1 509
Total assets	18 105	16 087
Total liabilities	(5 530)	(9 001)
Net assets	12 575	7 086
Group's share of net assets of associate	3 916	2 012
Total revenue	33 105	28 832
Total profit for the year	1 560	1 077
Group's share of profit of associate	448	306
Schweppes Zimbabwe Limited (49%) (2013: 49%)		
Shares at cost	530	530
Gain arising on acquisition	9 278	9 278
Group's share of post acquisition distributable reserves	7 323	5 488
Dividend received	(227)	—
	16 904	15 296
Total assets	57 898	61 017
Total liabilities	(35 165)	(41 433)
Net assets	22 733	19 584
Group's share of net assets of associate	11 139	9 596
Total revenue	96 057	93 966
Total profit for the year	3 745	4 391
Group's share of profits of associate	1 835	2 152

The fair value of the Group's interest in AFDIS Holdings Limited, the controlling entity of African Distillers Limited, which is listed on the stock exchange in Zimbabwe, was US$10,4 million (2013: US$6,1 million).

The reporting date of AFDIS Holdings Limited is 30 June and that of Schweppes Zimbabwe Limited is 31 December. For the purpose of applying the equity method of accounting, the financial statements of the associates for the previous reporting dates have been used. Appropriate adjustments have been made for the effects of significant transactions in the subsequent period from such reporting dates to 31 March 2014.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

14. INVESTMENTS, LOANS AND TRADEMARKS

	2014 US$ 000	2013 US$ 000
14.1 LOANS		
Secured	10 849	10 792
14.2 TRADEMARKS AND INVESTMENTS		
At cost	3 001	3 001
Total	13 850	13 793

14.3 Included in the Group's secured loans of US$10,8 million are loans to employees made in terms of a Group housing and vehicle ownership scheme. This includes loans to Directors and officers of the Group amounting to US$6,1million (2013: US$5,5million). During the year, US$1,5 million was advanced and US$0,9million was repaid. Housing loans are secured through mortgage bonds whilst the underlying assets under the car loan scheme are pledged as security. The loans are of various tenure and attract interest of up to 16% per annum. The interest rates are reviewed periodically by the Remuneration Committee in line with prevailing market conditions.

15. INVENTORIES

	2014 US$ 000	2013 US$ 000
Consumable stores	26 768	27 620
Finished products	14 588	16 518
Raw materials	56 316	45 526
Work in progress	2 481	3 348
Total	100 153	93 012

16. TRADE AND OTHER RECEIVABLES

	2014 US$ 000	2013 US$ 000
Trade receivables	30 829	30 046
Prepaid expenses and other receivables	13 978	13 953
Total	44 807	43 999

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$9,6 million (2013: US$7,6 million). 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. The average debtor days are 16 (2013:18)

	2014 US$ 000	2013 US$ 000
Ageing of past due but not impaired		
60-90 days	1 042	187
Over 90 days	2 666	2 894

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

17. SHARE CAPITAL

17.1 AUTHORISED SHARE CAPITAL

Authorised share capital comprises 1 400 000 000 ordinary shares of US$0,01 (one US cent) per share.

17.2 ORDINARY SHARES ISSUED AND FULLY PAID

	2014 Number of Shares in millions	2013 Number of Shares in millions
At beginning of year	1 223	1 192
Exercise of share options	14	35
Share buy back	(3)	(4)
At end of year	1 234	1 223

17.3 UNISSUED SHARES

Subject to the limitations imposed by the Companies Act (Chapter 24:03), in terms of a special resolution of the Company in the General Meeting, the unissued share capital comprising 158 435 285 (2013 –172 575 185) ordinary shares has been placed at the disposal of the directors for an indefinite period.

17.4 SHARES UNDER OPTION

The directors are empowered to grant share options to certain employees of the Group. These options are exercisable 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 a General Meeting, and the number of options granted is calculated in accordance with the performance-based formula approved by the Remuneration Committee. The number of share options are limited in line with the Zimbabwe Stock Exchange (ZSE) regulations.

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

Date of Grant	Subscription Prices US$	Number of Shares 2014 ('000)	Number of Shares 2013 ('000)
1 March 2009	0,150	560	7 400
8 May 2009	0,150	210	1 675
2 January 2010	0,505	56	356
1 October 2010	0,500	—	500
3 January 2011	0,636	2 620	6 456
1 July 2011	0,785	875	875
3 November 2011	0,746	5 787	6 379
2 August 2012	0,680	9 316	10 466
1 June 2013	1,450	5 195	—
		24 619	34 107

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

17. SHARE CAPITAL (continued)

17.4 SHARES UNDER OPTION (continued)

Movements in share options during the period:	2014 000	2013 000
Number outstanding at beginning of year	34 107	60 048
New options granted during year	5 195	10 466
Exercised during year	(14 202)	(35 257)
Forfeited during year	(481)	(1 150)
Outstanding at end of year	24 619	34 107

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 US$0,35 (2013: US$0,14) and US$1,32 (2013: US$0,92) respectively. A total of 0,481 million shares were forfeited in 2014 and 1.15 million shares were forfeited in 2013.

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 June 2013. The estimated fair value of the options granted on this date was US$2,1 million. The Group recognised total expenses of US$2,4 million in respect of share options in issue. The options granted mature after three years and, accordingly, the fair value will be amortised over those periods.

The fair value of the options granted in the current year was calculated using the Black-Scholes option pricing model as adjusted for dividends by Robert Merton, and the following weighted average assumptions were made.

Date of Issue	JUNE 2013
Grant date share price – US$	1,45
Exercise price	1,45
Expected volatility	22,5%
Dividend yield	2,0%
Risk-free interest rate	6%

In prior years, expected volatility and dividend yield was determined 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 was the basis of calculation. The expected life was 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 took into account an expected 0% level of forfeiture.

Expected volatility is based on the Company's historical share price volatility since dollarisation.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

17. SHARE CAPITAL (continued)

17.5 SHARE BUY BACK

The effect of the cost of the share buy back (treasury shares) has been debited to reserves. The cost of the shares bought back during the year to March 2014 was US$4,3 million (3 033 254 shares, 2013: US$4,3 million – 4 480 980 shares).

18. DIRECTORS' SHAREHOLDINGS

At 31 March 2014, the Directors held directly and indirectly the following number of shares in the Company:

	2014	2013
M Karombo	10 000	—
L E M Ngwerume	7 000	7 000
H C Sadza	764	764
D Taranhike	—	2 211 762
M M Valela	3 663 359	3 063 359
	3 681 123	5 282 885

No changes in Directors' shareholdings have occurred between the financial year end and 9 of May 2014, being the date of the last meeting of the directors.

19. BORROWINGS

	2014 US$ 000	2013 US$ 000
19.1 Long-term borrowings		
Long-term borrowings	—	60 000
19.2 Short-term borrowings		
Short-term borrowings	71 293	18 605

Short-term borrowings, which are unsecured, form part of the core borrowings of the Group and are renewed on maturity in terms of ongoing facilities negotiated with the relevant financial institutions. In terms of a resolution of the Company in a general meeting, borrowings shall not exceed, in aggregate, shareholders' equity, which amounts to US$414,4 million.

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 8% per annum was applicable to the outstanding balance.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

20. TRADE AND OTHER PAYABLES

	2014 US$ 000	2013 US$ 000
Trade payables	23 048	26 519
Accruals and other payables	48 276	51 956
	71 324	78 475

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.

21. CASH FLOW INFORMATION

21.1 CASH GENERATED FROM OPERATING ACTIVITIES

	2014 US$ 000	2013 US$ 000
Operating income	134 184	134 989
Depreciation	31 072	26 530
Loss on disposal of property, plant and equipment	712	357
Share option expense	2 405	2 529
Other non cash items	(446)	5 672
	167 927	170 077
21.2 INCREASE IN WORKING CAPITAL		
Increase in inventories	(7 141)	(15 392)
Increase in trade and other receivables	(808)	(6 654)
Increase in obligation for containers in the market	113	6 923
(Decrease) / increase in trade and other payables	(7 151)	10 158
	(14 987)	(4 965)
21.3 INCOME TAXATION PAID		
Liability at beginning of year	(2 626)	(3 813)
Current tax (Ref note 11)	(28 008)	(29 257)
Liability at end of year	2 766	2 626
	(27 868)	(30 444)
21.4 DIVIDEND PAID		
By the company:		
Proposed dividend at the beginning of year	(27 270)	(14 901)
Current year dividends	(43 766)	(41 339)
Proposed dividend at end of year	27 772	27 270
	(43 264)	(28 970)
By Subsidiary		
Non-controlling interest's dividends at beginning of year	—	(162)
Non-controlling interest's share of dividends declared	—	162
	—	—
Total dividends paid	(43 264)	(28 970)

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

21. CASH FLOW INFORMATION (continued)

21.5 MOVEMENTS IN LONG TERM BORROWINGS

	2014 US$ 000	2013 US$ 000
Liability at beginning of year	60 000	60 000
Transfer to short term borrowings	(60 000)	—
Balance at end of year	—	60 000

21.6 MOVEMENTS IN SHORT TERM BORROWINGS

	2014 US$ 000	2013 US$ 000
Liability at beginning of year	18 605	21 381
Amounts paid	(7 312)	(2 776)
Transfer from long term borrowings	60 000	—
Balance at end of year	71 293	18 605

21.7 INCREASE IN SHAREHOLDER FUNDING

	2014 US$ 000	2013 US$ 000
Proceeds of shares issued:		
By the Company – share options exercised	5 075	4 843
	5 075	4 843

21.8 CASH AND CASH EQUIVALENTS

	2014 US$ 000	2013 US$ 000
Made up as follows:		
Bank balances and cash	86 489	75 088
	86 489	75 088

22. DIVIDENDS

	2014 US Cents	2013 US Cents	2014 US Cents	2013 US Cents
Interim	1,30	1,17	16 000	14 069
Final – proposed	2,25	2,23	27 766	27 270
	3,55	3,40	43 766	41 339

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

23. RELATED PARTY TRANSACTIONS

23.1 PARTIES WITH SIGNIFICANT INFLUENCE OVER THE GROUP

The entities and individuals known to be significant shareholders (owning more than 5% of a class of equity) of Delta Corporation Limited are shown on page 82 of this report.

SABMiller Group entities are considered to be related parties of the Group by virtue of its 40% equity shareholding. Details of the transactions are shown below. There were no transactions with Old Mutual and other significant shareholders during the year.

23.2 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.

	Purchases of goods US$ 000	Royalties, Technical & other fees US$ 000	Rental payments US$ 000	Amounts Owed by Related parties US$ 000	Amounts owed to related parties US$ 000
2014					
SABMiller Companies	53 018	12 683	—	219	(8 698)
Associates	303	7	—	105	(79)
Delta Pension Fund	—	—	292	—	—
	53 321	12 690	292	324	(8 777)
2013					
SABMiller Companies	67 876	13 384	—	—	(7 470)
Associates	120	—	—	87	(400)
Delta Pension Fund	—	—	289	—	—
	67 996	13 384	289	87	(7 870)

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 expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties. A related party which is a subsidiary of SABMiller Plc. has provided a guarantee to the bank that extended a loan of US$60 million to the Group (Note 19).

The Group received a fee of US$6,893 from AFDIS Holdings Limited for the underwriting of a rights issue conducted by AFDIS in the current year.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

23. RELATED PARTY TRANSACTIONS (continued)

23.3 REMUNERATION OF DIRECTORS AND OTHER KEY MANAGEMENT

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

	2014 US$ 000	2013 US$ 000
Short-term benefits	4 977	4 849
Post-employment benefits	465	428
Share based payments	972	1 521
	6 414	6 798
Included in the above amounts are the following in respect of directors' emoluments:		
Paid by subsidiaries:		
For services as directors	133	108
For managerial services	3 702	4 579
	3 835	4 687

23.4 PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name	Country of Incorporation	Principal activity	Effective Interest 2014	Effective Interest 2013
Delta Beverages (Private) Limited	Zimbabwe	Beverages Manufacture	100%	100%
National Breweries Limited	Zimbabwe	Dormant	100%	100%
Chibuku Breweries Limited	Zimbabwe	Dormant	100%	100%
United Bottlers (Private) Limited	Zimbabwe	Dormant	100%	100%
Bevcool (Private) Limited	Zimbabwe	Dormant	100%	100%
Rainbow Beverages (Private) Limited	Zimbabwe	Dormant	100%	100%
Polycon Converters (Private) Limited	Zimbabwe	Dormant	100%	100%
Matchwell Investments (Private) Limited	Zimbabwe	Dormant	100%	100%
Headend (Private) Limited	Zimbabwe	Dormant	92%	92%
MegaPak Zimbabwe (Private) Limited	Zimbabwe	Plastics Manufacture	51%	51%
Food & Industrial Processors (Private) Limited	Zimbabwe	Starch Distributor	49%	49%
Schweppes Zimbabwe Limited	Zimbabwe	Beverages Manufacture	49%	49%
Afdis Holdings Limited	Zimbabwe	Beverages Manufacture	31%	28%
Mandel Training Centre	Zimbabwe	Training	26%	26%
PetrecoZim (Private) Limited	Zimbabwe	Plastics Recycling	15,1%	—

The investment in Food & Industrial Processors (Private) Limited was written off in prior years.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

24. COMMITMENTS FOR CAPITAL EXPENDITURE

	2014 US$ 000	2013 US$ 000
Contracts and orders placed	12 135	3 500
Authorised by directors but not contracted	41 955	62 500
	54 090	66 000

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

25. PENSION FUNDS

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

25.1 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 valuations.

25.2 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 US$200 per month for each employee.

25.3 PENSION COSTS RECOGNISED AS AN EXPENSE FOR THE YEAR

	2014 US$ 000	2013 US$ 000
Defined contribution funds	5 751	5 073
National Social Security Authority Scheme	1 310	663
	7 061	5 736

26. FINANCIAL RISK MANAGEMENT

26.1 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

26. FINANCIAL RISK MANAGEMENT (continued)

26.2 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. Operating subsidiaries manage short-term currency exposures relating to trade imports and exports within approved parameters.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period were as follows:

	Liabilities		Assets		Net exposure	
	2014 US$ 000	2013 US$ 000	2014 US$ 000	2013 US$ 000	2014 US$ 000	2013 US$ 000
Euro	(500)	(671)	—	48	(500)	(623)
Rand	(14 326)	(5 959)	7 067	900	(7 259)	(5 059)

The following table details the Group's sensitivity to a 15% and 22% increase and decrease in the United States Dollar against the Euro and South African Rand respectively. The 15% and 22% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a percentage change in foreign currency rates. A positive number below indicates an increase in profit where the United States Dollar strengthens 15% and 22% against the Euro and the South African Rand respectively. For a weakening of the United States Dollar against Euro and South African Rand, there would be a comparable impact on the profit and the balances below would be negative.

	Euro Impact		Rand Impact	
	2014 US$ 000	2013 US$ 000	2014 US$ 000	2013 US$ 000
Profit/ (Loss)	75	165	1 597	926

26.3 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. The risk is limited as there are no variable/floating rate instruments held.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March

26. FINANCIAL RISK MANAGEMENT (continued)

26.4 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 and fixed interest rates. There are no financial liabilities with floating rates. 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 %	0-6 months US$ 000	6-36 months US$ 000	Total US$ 000
31 March 2014				
Fixed interest rate instruments	8	71 293	—	71 293
31 March 2013				
Fixed interest rate instruments	8	18 605	60 000	78 605

The Group has access to financing facilities of which US$27,2 million were unused at the end of the reporting period. The Group expects to meet its other obligations from operating cash flows.

	2014 US$ 000	2013 US$ 000
FINANCING FACILITIES		
Unsecured bank loan facility, with various maturity dates through to 2014 and of which:		
Total available	98 500	40 500
Amount used	(71 293)	(18 605)
Amount unused	27 207	21 895

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 (continued)

for the year ended 31 March

26. FINANCIAL RISK MANAGEMENT (continued)

26.5 CREDIT RISK MANAGEMENT

Potential concentration of credit risk consists 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 counterparty limits that are reviewed and approved by the risk management committee annually. The Group does not have significant credit risk exposure to any single trade 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.

26.6 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

26.7 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 cash (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 gearing ratio is 14,68 % in current year (2013: 18,46%).

26.8 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 Profit or Loss and Other Comprehensive Income

for the year ended 31 March

	2014 US$ 000	2013 US$ 000
REVENUE		
Dividend and other income	44 132	82 777
Administrative expenses	(357)	—
Profit before tax	43 775	82 777
Taxation	—	—
PROFIT FOR THE YEAR	43 775	82 777
OTHER COMPREHENSIVE INCOME FOR THE YEAR	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	43 775	82 777

The income relates to dividends and management fees received from the subsidiary, Delta Beverages (Private) Limited, and underwriting fees received from AFDIS Holdings Limited (refer to note 23).

Company Statement of Financial Position

at 31 March

	Notes	2014 US$ 000	2013 US$ 000
ASSETS			
Non-current Assets			
Investments in associated companies	13	4 909	2 393
Interest in subsidiaries	A	87	87
		4 996	2 480
Current Assets			
Loans to subsidiaries	B	62 942	78 146
Trade and other receivables	C	43 102	26 703
		106 044	104 849
Total Assets		111 040	107 329
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		12 342	12 230
Share premium		28 982	24 049
Share option reserve		3 527	3 054
Retained earnings		65 664	67 471
Total Equity		110 515	106 804
Current Liabilities			
Trade and other payables	D	525	525
Total Equity and Liabilities		111 040	107 329

A. INTEREST IN SUBSIDIARIES

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

B. LOANS TO SUBSIDIARIES

Loans to subsidiaries relate to long term non-interest bearing loans issued to Delta Beverages (Private) Limited. The loans do not have fixed repayment dates and have nil interest.

C. TRADE AND OTHER RECEIVABLES

Receivables relate to dividends owing from the subsidiary Delta Beverages (Private) Limited as well as dividends paid over to the share transfer secretaries but not yet issued to shareholders.

D. TRADE AND OTHER PAYABLES

Outstanding dividends are those which have been declared but not collected by the shareholders from the share transfer secretaries.

CF DUBE
CHAIRMAN
9 May 2014

P GOWERO
CHIEF EXECUTIVE OFFICER

Company Statement of Changes in Equity

for the year ended 31 March

	Notes	Share capital US$000	Share premium US$000	Share options US$000	Retained earnings US$000	Total US$000
At 1 April 2012		11 927	19 553	—	17 964	49 444
Share options exercised		347	4 496	—	—	4 843
Share option reserve transfer		—	—	3 054	—	3 054
Share buy back	17.5	(44)	—	—	(4 300)	(4 344)
Total comprehensive income for the year		—	—	—	82 777	82 777
Dividend paid to shareholders of the parent	21.4	—	—	—	(28 970)	(28 970)
At 31 March 2013		**12 230**	**24 049**	**3 054**	**67 471**	**106 804**
Share options exercised		142	4 933	—	—	5 075
Share option reserve transfer		—	—	(1 932)	1 932	—
Share buy back	17.5	(30)	—	—	(4 250)	(4 280)
Recognition of share based payments		—	—	2 405	—	2 405
Total comprehensive income for the year		—	—	—	43 775	43 775
Dividend paid to shareholders of the parent	21.4	—	—	—	(43 264)	(43 264)
At 31 March 2014		**12 342**	**28 982**	**3 527**	**65 664**	**110 515**

Group Statistics

for the year ended 31 March

	2014	2013
SHARE PERFORMANCE		
PER SHARE (US cents)		
Attributable earnings	8,55	8,49
Diluted earnings	8,49	8,42
Dividends	3,55	3,40
Cash flow	12,20	13,46
Net asset value	32,87	28,21
Closing market price (US cents)	115	115
ZSE industrial index	176,3	183,6
SHARE INFORMATION		
In issue (m's)	1 242	1 223
Market capitalisation (US$000's)	1 427 799	1 406 314
Trading volume (m's)	100	181,1
Trading percentage (%)	8,1	15,0
RATIOS AND RETURNS		
PROFITABILITY		
Return on equity (%)	26,02	30,10
Income after taxation to total capital employed (%)	26,40	30,58
Pretax return on total assets (%)	22,62	24,36
SOLVENCY		
Long term debt to total Shareholders' funds (%)	—	17
Interest cover (times)	23	18
Total liabilities to total Shareholders' funds (%)	49,59	62,71
LIQUIDITY		
Current assets to interest free liabilities & short-term borrowings	1,36	1,37
PRODUCTIVITY		
Turnover per employee ($000's)	113	115
Turnover to payroll (times)	6,41	6,15
OTHER		
Number of shareholders	6 894	6 932

Sustainable Development Report

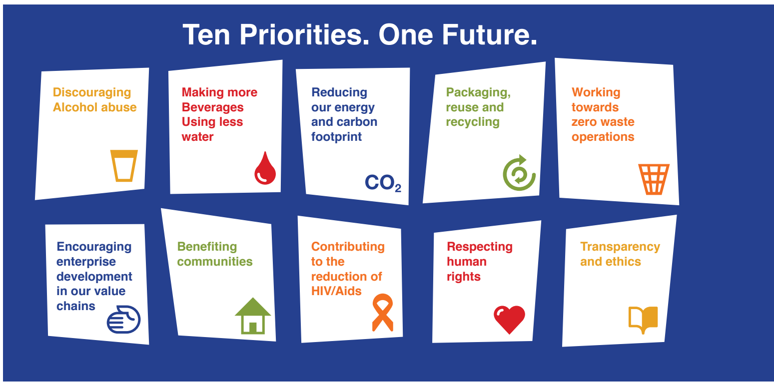
Our business makes its greatest contribution to society by delivering high quality products that consumers enjoy. In doing so, we create jobs, pay taxes, build skills; which demonstrates that business growth and sustainable development can be mutually reinforcing rather than be in conflict. In the current year Delta generated in excess of $735 million of economic value as measured in terms sales billings. This value was distributed through the course of our business to employees, shareholders and investors, suppliers and government and to local communities through our various corporate social investment activities. The multiplier effect of our investments and business operations through the value chains is a catalyst for national development. We integrate sustainable development into the day to day management of the business through our ten key priority areas and measure, track and evaluate performance using a bespoke Sustainability Assessment Matrix (SAM) methodology.

The Sustainability Assessment Matrix (SAM).

The SAM is a rigorous and transparent management system used for collecting, measuring, monitoring, and presenting the Company's performance in sustainable development issues with respect to each of the ten priority areas. Specific standards and performance targets have been developed based on local circumstances and conditions taking into account the results of benchmarking to best practice and other peers in similar sectors. Notable progress is being made as measured against a business scorecard which tracks both qualitative and quantitative measurements. Progress is assessed every six months. The Company is in the process of identifying partners that can provide assurance to the broad range of users and stakeholders. The adopted framework is aligned to the SABMiller Group's sustainability process whose reporting is in accordance with the Global Reporting Initiative guidelines in addition to the other frameworks under the United Nations Global Compact and Millennium Development Goals.

The 10 Priority Areas

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 the Company and the wider community are therefore inextricably intertwined. We have therefore identified the following ten priorities as our key areas of responsibility:-



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

DISCOURAGING IRRESPONSIBLE DRINKING

The majority of our consumers enjoy beer in moderation with friends and families but there is a minority who drink too much putting themselves and people around them at risk of harm. Combating the harmful use of alcohol and issues linked with it, such as drink-driving, or underage drinking are core priorities for the Company. 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 alcohol abuse and ensuring that information provided to consumers about alcohol consumption should be accurate and balanced.

In the current year the key initiatives included:

- Enlisting the support of retailers, advertising agencies and media partners through focused training and joint promotional programmes on the responsible retailing, marketing with particular focus on drink driving and underage drinking.

- The ongoing review of our commercial governance practices so that they reflect society's expectation.

Sustainable Development Report (continued)

- The Company is a member of and plays an integral role within the Zimbabwe Alcoholic Beverages Manufacturers Association (ZABMA). ZABMA works with the Zimbabwe Traffic Safety Board in campaigns against drunk-driving.

- We believe that our policies on employee behaviour, commercial communication and product labelling and the company-wide education programmes reinforce high levels of conduct in relation to alcohol consumption. We continue to train employees in the Alcohol Intelligence Quotient (AIQ) and the Alcohol Behaviour & Communication (AB&C) Programmes.

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.

We continue to invest in the upgrading of our production infrastructure in order that we minimise water use and align our usage levels to target benchmarks. We use the '5Rs' – Protect, Reduce, Reuse, Recycle and Redistribute – to manage water upstream, downstream and within our operations.

The initiatives in this arena include the following:

- Assisting our communities to improve the access to potable water through the various community projects.

- Modernisation of brewing plant, water pipe replacements and packaging water reclaim systems to optimise the water-to-beverage ratio. Most of our operations reported reasonable improvement to the water-to-beverage usage ratio in the current year.

  It is noted however, that progress in this area is constrained by the challenges facing key stakeholders such as local authorities and the national water authority which result in disruptions to factory operations.

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 and assessed against some benchmarks and targets. The supply of electrical power remains unreliable manifesting through unscheduled outages, spikes and surges due to the decay in the service infrastructure. 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.

Some progress has been recorded in the energy usages benefiting from the recent capital investment projects. The ongoing initiatives include:

- Increased use of natural lighting and energy saving light bulbs. The statistics on fossil fuels and energy consumption per unit of beverage indicate an improvement over prior year. The use of on-site power generators reduces the impact of these initiatives.

- Strategies to reduce carbon emissions from our factories and heavy motor vehicles.

Sustainable Development Report (continued)

- The injection of trailers with reinforced lightweight axles which will reduce vehicle loads hence the fuel consumed by the distribution fleet.

- A total of fifty seven new heavy motor vehicles were added to the fleet, to displace the old ones with tangible benefits in terms of fuel economy, and general operational efficiencies.

PACKAGING, REUSE AND RECYCLING

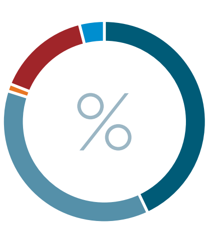
The Company uses many different types of primary and secondary packaging, including glass bottles, steel and aluminium cans, PET plastic, high density polyethylene crates and bottles, cardboard cartons and kegs. The packaging preserves the quality of our products for the enjoyment of our consumers and 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.

- Greater than 85% of the Company's volumes are sold in recyclable packaging material mainly returnable glass bottles.

- Significant progress has been made in the light-weighting of both primary and secondary packaging. The roll-out of the soft drinks light weight crates and returnable bottles is substantially complete for the main brands. Further investments are underway at the Graniteside factory to use light weight PET bottles.

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

F14 VOLUME SPLIT BY PACK TYPE %



Returnable Plastic	43%
Returnable Glass	37%
Draught Beer	1%
Non Returnable Plastic	15%
Cans	4%

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 spent 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. The Company actively participates in programs to educate consumers on post consumption waste disposal to discourage littering.

- The Company tracks the volumes packaging waste collected or recycled versus the amounts produced. Performance in this area will depend on the ability of the key partners such as local authority in facilitating the separation of various post consumption waste streams at source.

- Segregated broken glass (cullet) is collected and sent back to the glass manufacturer as cullet for recycling and processed into new glass. The operational challenges of the local glass manufacturer have slowed down this initiative as the cullet will now have to be exported to regional markets.

- The collection of used beverage cans and crushing them into tin cake for export is on-going. The recent switch from steel cans to aluminium beverage cans now allows the used cans to be recycled. We are intensifying the education of consumers for them to place the used packages in designated disposable cages for ease of collection by the targeted users.

Sustainable Development Report (continued)

- The joint venture company (PETRECO Zimbabwe) whose mandate is to spearhead the collection and recycling of used PET bottles in the country is now operational. The processing plant was installed at the factory premises in Graniteside, Harare in March 2014. Markets for the chipped pellets are being developed. It is noted that there are a number of secondary usages of the PET waste that is being collected by private vendors.

PET recycling at PETRECO Zim, Graniteside, Harare

There are still major challenges in the management of waste streams such as effluent as most local authorities' infrastructure is in need of rehabilitation. Considerable investments are required at national level for the waste discharged into the environmental ecosystems to comply fully with the Water Act and other environmental regulations

ENCOURAGING ENTERPRISE DEVELOPMENT IN OUR VALUE CHAINS

The reach and scale of our business means that we play a key role in the economic development of the communities in which we operate. To this end we endeavour to:

a) Develop local suppliers to substitute imports of key raw materials or increase the proportion of expenditure on locally sourced raw materials. This encourages enterprise development and job creation in our community.

b) Work in partnership with suppliers to ensure compliance with environmental and safety legislation

c) The company continues to support a network of both communal and commercial farmers in growing sorghum and barley, critical inputs in our beer business. The 2013 barley contracts registered some improvement in farm yields which resulted in the intake of 46 200 tonnes of barley. 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.

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. Total tax remittances to Government during the year amounted to US$181 million.

Sustainable Development Report (continued)

- 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. In addition, the Schools Assistance Program undertakes to construct two to three classroom blocks per year for disadvantaged communities with further assistance coming from partners that provide books and other amenities.

Tashinga School, Mashonaland East (New Classroom Block 2013)

- Our involvement in the Sports and Arts has continued with sponsorships of festivals such as HIFA, Jikinya Dance festival, INTWASA and the Danhiko Paralympics games. For the fourth successive year we sponsored the country's premier sports awards ANSA. We continue to support various charitable institutions such as St. Giles, Chinyaradzo Children's Home the SOS villages, Kidz Can and other deserving institutions.

RESPECTING HUMAN RIGHTS

Delta employs on average some 5 500 employees of which 75% are permanent. There is a focus on increasing the ratio of female employees particularly at the senior levels. 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.

The Company is conscious of the focus of the new Zimbabwe Constitution which emphasises the issues of gender balance in all facets of human endeavour. To this end, there are programmes which aim to increase the role and ratios of female employees in the organisation and therefore address the diversity issues.

- 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. The lost time injuries were impacted by the off-site road traffic accidents that sadly claimed the lives of our one crew and three members of the public.

- During the last financial year, the Group provided close to 13 264 days of training to employees. The Group continues to feed the talent pipeline through annual intakes to the various apprenticeship and internship programmes.

Sustainable Development Report (continued)

CONTRIBUTING TO THE REDUCTION OF HIV & AIDS

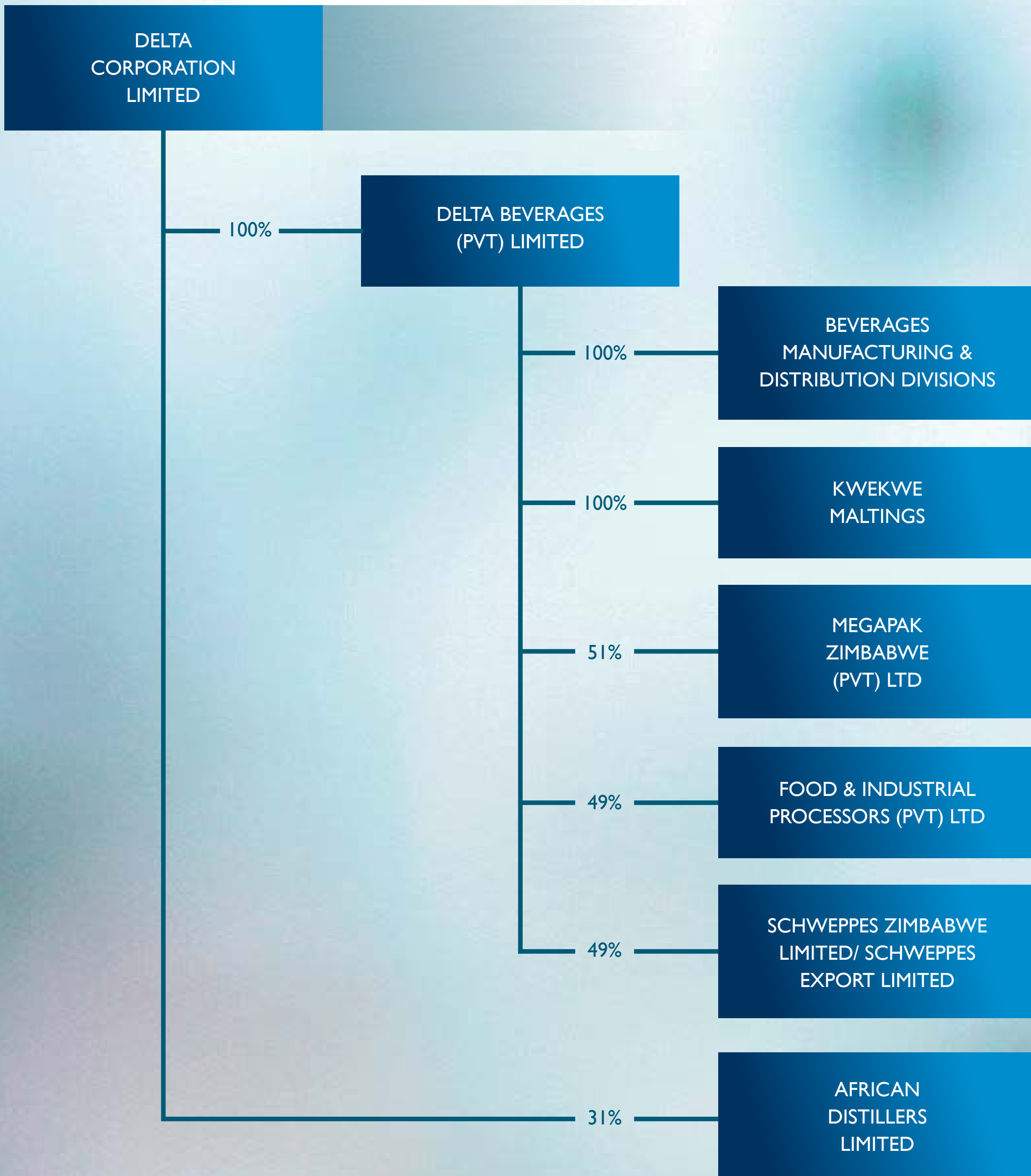
The adverse effects of the HIV/AIDS pandemic continue to impact on our employees, their families and the wider community in which the Company operates. The overall objective of our business' comprehensive Wellness Program is to reduce the impact of HIV/AIDS and other non-communicable diseases on our employees, customers and suppliers. We continue to run the Provider Initiated Testing and Counselling at the Company's clinics. The general awareness of health issues has increased driven by the Wellness Program, for which the Company continues to be recognised through various awards.

TRANSPARENCY AND ETHICS

The company's Ethics Policy, is issued to all new employees on engagement. The policies have been updated to incorporate provisions relating to gifts, entertainment and hospitality offered by stakeholders. Corporate Governance and Ethics remain integral subjects in the Management Development Program (MDP). In addition the company sponsors SIFE's (Students In Free Enterprise) Ethics Pillar in a separate competition that is aimed at grooming ethical business leaders for the future. The Ethics Policy and the Anti-Bribery Policy apply to all employees, which are re-enforced by the various Tip-Off Anonymous systems.

Group Structure

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



Portfolio of Business

BEVERAGES MANUFACTURING AND DISTRIBUTION

LAGER BEER BUSINESS
Brewing lager beer, 2 Breweries, Castle Lager, Castle Lite, Castle Milk Stout, Golden Pilsener, Lion Lager, Carling Black Label, Zambezi Lager, Zambezi Light Lager, Bohlinger's Lager, Eagle Lager
Imported Brands: Miller Genuine Draft, Peroni, Sarita, Brutal Fruit, Redds

TRADITIONAL BEER BUSINESS
Brewing sorghum beer, 15 Breweries
Chibuku, Chibuku Super and Rufaro

SPARKLING BEVERAGES BUSINESS
Bottling carbonated sparkling beverages, 3 Bottling Plants
Coca-Cola, Coca Cola Light,Coke Zero, Fanta, Sparletta, Sprite, Schweppes, Burn, Powerplay

TRANSPORT AND DISTRIBUTION BUSINESS
Provision and maintenance of primary and secondary distribution vehicles & the distribution of beverage products, 20 Workshops, 32 Delta Beverage Centres & 5 Customer Collection Depots

MAHEU BUSINESS
Shumba Maheu & Super Sip, 1 factory

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
Wholesale distributor of starches and glucose

AFRICAN DISTILLERS LIMITED
Wine & spirit producer, 1 Distillery, 6 Depots plus imported wines & ciders

MANDEL TRAINING CENTRE (PVT) LIMITED
Training and leadership development
1 Training & Conference Centre

Directorate and Management

BOARD OF DIRECTORS

CHAIRMAN

C F Dube	LLB; MBA* ~

EXECUTIVE DIRECTORS

P Gowero - Chief Executive	BSc Econ (Hons); MBL * ~
M M Valela - Finance Director	B Tech (Accounts); CA(Z)

NON-EXECUTIVE DIRECTORS

M J Bowman	B.Com; MBA
S J Hammond	B.Comm; CA (Z) ~
J A Kirby	B. Acc: CA (SA) ~
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 H Nel (Alternate)	B.Econ, B.Com (Hons), MBA, BA Psych*

* Mr G Nel is a standing member of the Audit Committee.

* Member of the Audit Committee ~ Member of the Remuneration Committee

GROUP MANAGEMENT COMMITTEE

P Gowero	BSc Econ (Hons); MBL * ~	Chief Executive Officer
M M Valela	B Tech (Accounts); CA(Z)	Executive Director-Finance
E R Mpisaunga	B.Sc (Hons) Animal Science	Director – Beverages Operations
M P Karombo	B Tech (Mgmt); MBA; MCIM	Marketing Director
M Gambiza	B. Compt (Hons) CA(Z)	General Manager – Sparkling Beverages
A Makamure	B. Acc (Hons) CA(Z)	Company Secretary
M R Makomva	B.Acc (Hons); CA(Z); MBL	Managing Director – MegaPak
C D Malaba (Mrs)	B Acc (Hons) B Compt, CA (Z)/SA	Supply Chain Director
D Mange	B.Sc; MBL	Director – Information Technology
M W Mudimbu	BSc; Dip	General Manager – Sorghum Beer
Dr M G Nyandoroh	B.Sc (Hons); M.Sc; Phd	General Manager – Lager Beer
M Pemhiwa	BSc Psych; MBA	Human Resources Director
T Rinomhota	BSc Eng, MBA	Technical Director

Board of Directors

Board of Directors

1. **Canaan Farirai Dube - LLB; MBA**
   Canaan Dube joined the board in February 2004 and was appointed as Chairman in August 2010. He is a member of the Remuneration and Audit committees. Canaan is a senior partner with law firm Dube, Manikai and Hwacha. He sits on the boards of Barclays Bank Zimbabwe, Edgars Stores Limited, Bata Zimbabwe (Pvt) Ltd, Midlands State University and Quality Corporate Governance Centre (Pvt) Ltd t/a Zimbabwe Leadership Forum.

2. **Pearson Gowero - Bsc Econ (Hons), MBL**
   Pearson Gowero was appointed as Chief Executive in June 2012. He joined the Group in 1997 as marketing director of the then Chibuku Breweries Division, becoming the unit managing director in 2001. He has held various senior positions in the beverages business and became an executive director in 2003. Pearson spent some 5 years on secondment to the SABMiller Group from 2006 to 2011 where he was the Managing Director of Zambian Breweries Group. Prior to joining Delta, he had worked for some prominent clothing retail chains.

   Mr Gowero sits on the boards of the Company's subsidiary companies and Seed Company of Zimbabwe.

3. **Matlhogonolo Mothibedi Valela**
   B Tech (Accounts), CA (Z)
   Mathlogonolo Valela was appointed as Executve Director-Finance in June 2011. He joined the Group in December 1996 as an accountant at the National Breweries division. He moved up the ranks through a number of operational finance positions to become the Group Treasurer in 2003. Matts sits on the boards of the Company's subsidiary companies and associates; African Distillers and Schweppes Zimbabwe. He also sits on the board of Cimas Medical Society.

4. **Mark John Bowman - B.Com; MBA**
   Mark Bowman joined the board in October 2007. He is the Managing Director of SABMiller Africa, having joined the group in 1993. He has held various senior positions in the group, within Africa and Europe and is a non-executive director of Tiger Brands Limited. He sits on the boards of a number of the SABMiller related entities in Africa.

5. **Simon James Hammond - B.Com; CA(Z)**
   Simon Hammond joined the board in December 2000 as a nominee of Old Mutual Zimbabwe. He is Chairman of the Remuneration Committee and a member of the Nominations Committee. He is the Managing Director of Old Mutual Shared Services and has held various positions within the Old Mutual Group in Zimbabwe and Africa, having joined the Group in 1999. Previously he was a partner of KPMG in Zimbabwe and is a past President of the Institute of Chartered Accountants of Zimbabwe.

6. **Jonathan Andrew Kirby - B.Acc; CA (SA)**
   Jon Kirby joined the board in August 2012. He is a member of the Remuneration Committee and an alternate member of the audit committee. Jon is the Finance Director of SABMiller Africa, a group he joined in 1992. He has held various finance positions in SABMiller Africa and Asia and sits on a number of subsidiary company boards.

7. **Gert Hendrik Nel - B.Econ, Hons B.Com, MBA, BA Psych**
   Gert Nel joined the board as an alternate director in 2013 although he had been a co-opted member of the audit committee since 2010. He is the Senior Manager: Operations Finance at SABMiller Africa, having joined the group in 1989. He has held various positions in the group within Africa and Europe. He sits on the boards of a number of SABMiller related entities in Africa.

8. **Luke Edward Mathew Ngwerume - BA, MBA, IMS**
   Luke Ngwerume joined the board in November 2007. He is the Chief Executive of ZimSelector.com and chairs Stiefel Investments Private Limited, an investment entity. He also sits on the boards of Cimas Medical Society, CABS, Old Mutual Nigeria and Arundel School board of governors. He retired from the position of Chief Executive of Old Mutual Zimbabwe after serving the group for a number of years.

9. **Hope Cynthia Sadza - BSc; MA; PhD; MIPMZ, IODZ, MZIM**
   Prof Hope Sadza joined the board in June 2007. She is a co-founder and Vice Chancellor of the Women's University in Africa since 2002. She has won several academic and professional awards including the Fulbright Scholarship.

   Prof Sadza sits on the boards of Barclays Bank Zimbabwe, Securico Security Services, University of Venda, BAT Zimbabwe, the International Association of Universities Board and a number of local and foreign trusts.

10. **Thembinkosi Sibanda - B.Acc Hons; CA(Z)**
    Themba Sibanda joined the board in April 1994. He is the Chairman of the Audit Committee and a member of the Nominations Committee. Themba has been a partner at Schmulian & Sibanda and has accumulated over 30 years' experience in compliance and audit services. He also sits on the boards of a number of listed entities in Zimbabwe such as Innscor Africa Limited, Edgars Stores Limited, Padenga Holdings Limited and Pretoria Portland Cement Limited.

Notice to Members

NOTICE IS HEREBY GIVEN THAT THE SIXTY SEVENTH 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 30 JULY 2014 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 2014, together with the Report of Directors and Auditors thereon.

2. TO APPOINT DIRECTORS
   Messrs E R Mpisaunga and M P Karombo stepped down as directors on 31 March 2014 in line with the evolving Corporate Governance standards. They remain in their roles as executives of the Group.

   Mr P Gowero, Mr LEM Ngwerume and Mr M M Valela are due to retire by rotation. Being eligible, they will offer themselves for re-election.

3. DIRECTORS FEES
   To approve the directors' fees for the financial year ended 31 March 2014.

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

SPECIAL BUSINESS

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

   a. the authority shall expire on the date of the Company's next Annual General Meeting;
   b. acquisitions shall be of ordinary shares which, in aggregate in any one financial year, shall not exceed 10% (ten percent) of the Company's issued ordinary share capital.
   c. the maximum and minimum prices, respectively, at which such ordinary shares may be acquired will be not more than 10% (ten percent) above and 10% (ten percent) below the weighted average of the market price at which such ordinary shares are traded on the Zimbabwe Stock Exchange, as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the Company;
   d. a press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis in the period between Annual General Meetings, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition.

It will be recorded that, in terms of Companies Act and the regulations of the Zimbabwe Stock Exchange, it is the intention of the Directors of the Company to utilise this authority at a future date provided the cash resources of the Company are in excess of its requirements and the transaction is considered to be in the best interests of shareholders generally. In considering cash resource availability the Directors will take account of, inter alia, the long term cash need of the Company, and will ensure the Company will remain solvent after the re-purchase.

BY THE ORDER OF THE BOARD

A MAKAMURE
Company Secretary

Sable House
Northridge Close
Borrowdale
Harare
Zimbabwe

27 June 2014

Shareholders Analysis

Size of Shareholding	Number of Shareholders	%	Issued Shares	%
1 to 5,000	5 346	77,6	4 946 820	0,4
5,001 to 10,000	393	5,7	2 849 970	0,2
10,001 to 25,000	401	5,8	6 524 573	0,5
25,001 to 50,000	231	3,4	8 288 497	0,7
50,001 to 100,000	175	2,5	12 275 494	1,0
100,001 to 500,000	217	3,1	48 110 192	3,9
Over 500,000	131	1,9	1 158 569 169	93,3
	6 894	**100,0**	**1 241 564 715**	**100,0**
Category				
Local Companies	789	11,4	98 420 011	7,9
Foreign Companies	12	0,2	496 643 189	40,0
Pension Funds	362	5,2	84 194 374	6,8
Nominees, local	219	3,2	27 918 560	2,2
Nominees, foreign	117	1,7	341 931 816	27,6
Insurance Companies	75	1,1	144 663 366	11,7
Resident Individuals	4 681	67,9	30 971 792	2,5
Non Resident Individuals	226	3,3	6 007 083	0,5
Investments & Trusts	277	4,0	3 640 420	0,3
Fund Managers	82	1,2	2 597 415	0,2
Deceased Estates	50	0,7	431 762	0,0
Other Organisations	4	0,1	4 144 927	0,3
	6 894	**100,0**	**1 241 564 715**	**100,0**

Included in the category of 'over 500 000 shares' is Delta Employee Participation Trust Company (Private) Limited which holds 14 717 711 shares on behalf of 2 720 employees who participate in the two schemes.

Shareholders Analysis (continued)

TOP TEN SHAREHOLDERS

Shareholder	2014	%	2013	%
Stanbic Nominees (Pvt) Ltd NNR	304 990 701	24,5	241 581 133	19,7
SABMiller Zimbabwe BV	281 298 323	22,7	276 402 784	22,5
Rainer Inc.	193 137 519	15,6	193 137 519	15,7
Old Mutual Life Assurance Co.	136 629 109	11,0	136 482 684	11,1
Old Mutual Zimbabwe Ltd	37 872 700	3,0	37 872 700	3,1
Standard Chartered Nominees (PVT) Ltd - NNR	37 439 175	3.0	15 549 478	1,3
Browning Investments NV	22 178 835	1,8	22 178 835	1,8
National Social Security Authority (NPS)	20 201 251	1,6	19 764 245	1,6
Delta Employees Share Participation Trust Co	14 717 711	1,2	27 146 151	2,2
Fed Nominees Private Limited	10 584 958	0,9	—	—
Barclays Zimbabwe Nominees (P/L) NNR	—	—	22 673 398	1,8
Other	182 714 433	14,7	234 573 888	19,1
	1 241 764 715	**100,0**	**1 227 362 815**	**100,0**

MAJOR SHAREHOLDERS

	2014	%	2013	%
Old Mutual	174 501 809	14,0	174 355 384	14,2
SABMiller	496 614 677	40,0	491 719 138	40,1
	671 116 486	**54,0**	**666 074 522**	**54,3**

RESIDENT AND NON-RESIDENT SHAREHOLDERS

Resident	738 265 711	59,5	729 659 380	59,4
Non-Resident	503 499 004	40,5	497 703 435	40,6
	1 241 764 715	**100,0**	**1 227 362 815**	**100,0**

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

Shareholders Analysis (continued)

SHARE PRICE INFORMATION

Mid Range Price (US cents) at:	
30 June 2013	140,00
30 September 2013	124,01
31 December 2013	140,10
31 March 2014	115,01
Price Range:	
Highest: 11 June 2013	157,00
Lowest: 03 September 2013	104,90

CALENDAR

Sixty Seventh Annual General Meeting	30 July 2014
Financial Year End	31 March 2015
Interim Reports:	**Anticipated Dates:**
6 months to 30 September 2014	November 2014
12 months to 31 March 2015 and	
Final dividend declaration	May 2015
Next Annual Report Published	July 2015

REGISTERED OFFICE:

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

TRANSFER SECRETARIES:

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

Notes

Delta Corporation
LIMITED