Delta Corporation LIMITED

2016 ANNUAL REPORT

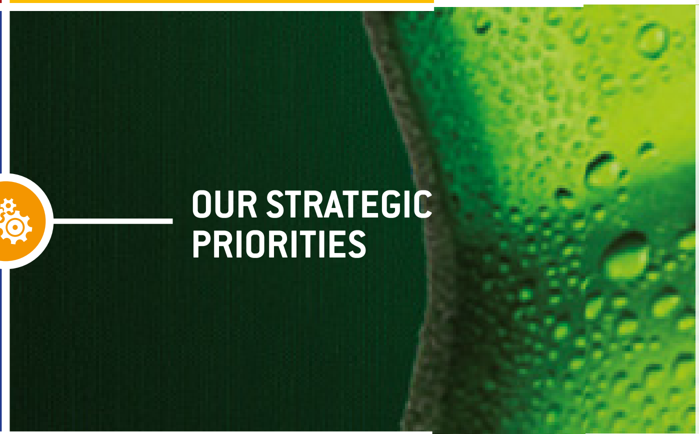
Brighter together...

OUR VISION

To be the most admired Beverage Company in the Region.

OUR MISSION

We bring enjoyment and refreshment to our consumers by nurturing leading brands and growing the value of the business sustainably for the betterment of our employees and communities.



OUR 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 and sustaining alliances with business partners

OUR VALUES

- People are our enduring advantage
- Accountability is clear and personal
- We work and win in teams
- We are customer and consumer focused
- We do our best for local communities
- Our reputation is indivisible

OUR VISION

OUR VISION IS TO BE THE MOST ADMIRED BEVERAGE BUSINESS IN THE REGION

Our mission is to bring enjoyment and refreshment to our consumers by nurturing leading brands and growing the value of the business sustainably for the betterment of our employees and communities.

We value the accountability of our people, teamwork, our local communities, our customers and our reputation.
And this means that together we can prosper, creating a thriving, sociable, resilient, cleaner, and productive world.

We Are Delta Corporation. **Brighter Together.**

BRIGHTER TOGETHER IN THREE WAYS:

- People get more from life when they come together – our products make those moments shine **BRIGHTER**.
- Our people shine brightest when they work TOGETHER in teams.
- Our involvement in communities helps to create a BRIGHTER future.

EMPLOYEE DECLARATION

AS AN EMPLOYEE OF DELTA CORPORATION

I VALUE	BECAUSE...
MYSELF	I am accountable for the things I do everyday. Personally and professionally, my reputation is what defines me.
OTHERS	What I do matters to those I work with and what they do matters to me. As colleagues we can achieve higher goals.
MY COMMUNITY	I want the best for the people I love. I do work safely and with passion, so we can enjoy health and fun.
OUR CUSTOMERS	I know that happy customers mean security and prosperity for my future

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

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VALUE STATEMENTS

OUR PEOPLE ARE OUR ENDURING ADVANTAGE

- The calibre and commitment of our people set us apart
- We are a diverse and dynamic team
- We select and develop people for the long term
- Performance is what counts
- Health and Safety issues receive priority attention

ACCOUNTABILITY IS CLEAR AND PERSONAL

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

WE WORK AND WIN IN TEAMS

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

WE UNDERSTAND AND RESPECT OUR CUSTOMERS AND CONSUMERS

- We are endlessly concerned with our customers' needs and perceptions
- We build lasting relationships based on trust
- We aspire to offer the preferred choices of products and services
- 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 DO OUR BEST FOR LOCAL COMMUNITIES

- We consciously balance local and group interests
- We benefit the local communities in which we operate
- We endeavour to conduct our business in an environmentally sustainable manner

COMPANY PROFILE

DELTA CORPORATION IS A MODERN BLUE CHIP COMPANY POISED FOR GROWTH IN ALL FACETS OF ITS BUSINESS.

It is principally a beverages company with a diverse portfolio of local and international brands in lager beer, traditional beer, Coca-Cola franchised sparkling and alternative non-alcoholic beverages. It has investments in associate companies whose activities are in cordials and juice drinks, (Schweppes Holdings Africa Limited) and wines and spirits (African Distillers Limited).

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. Some supply chain related investments remained part of the Group until 2014 when the plastic packaging entity, MegaPak, was demerged. The Company has a minority shareholding in the packaging group, NamPak Zimbabwe.

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 MARCH

	2016	2015	2014	2013	2012
GROUP SUMMARY (US$000)					
Revenue	**538 198**	576 552	602 224	631 276	554 767
Earnings before interest, tax depreciation and armotisation	**128 928**	143 168	158 704	161 519	118 660
Profit after tax	**80 089**	92 800	107 193	104 123	75 206
Attributable earnings	**80 089**	91 943	105 664	102 472	73 747
Net funds/(borrowings)	**101 016**	63 611	15 196	(3 517)	(25 803)
Total assets	**696 238**	663 665	619 886	561 938	467 146
Market capitalisation	**699 927**	1 304 697	1 427 799	1 406 314	810 632
SHARE PERFORMANCE (US CENTS)					
Earnings per share					
Attributable earnings basis	**6,49**	7,44	8,55	8,49	6,22
Cash equivalent earnings basis	**9,53**	10,13	11,48	11,19	9,25
Cash flow per share	**12,20**	11,25	12,20	13,46	10,04
Dividends per share	**4,70**	3,65	3,55	3,40	2,08
Net asset value per share	**39,53**	36,96	32,87	28,21	22,25
Market price per share	**56,25**	105,00	115,00	115,00	68,00
FINANCIAL STATISTICS (%)					
Return on equity	**16,41**	20,14	25,63	30,09	27,94
Operating margin (operating income to net sales)	**20,00**	22,08	25,02	24,73	20,48

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OPERATING INCOME DECREASED

14%

Operating Income is down 14% reflecting the changed sales mix in favour of lower priced products and the impact of price reductions.

Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) was down 10% on prior year versus a 14% decline in operating income reflecting a focus on fixed cost management. Finance income has benefited from the net cash holding position throughout the year.

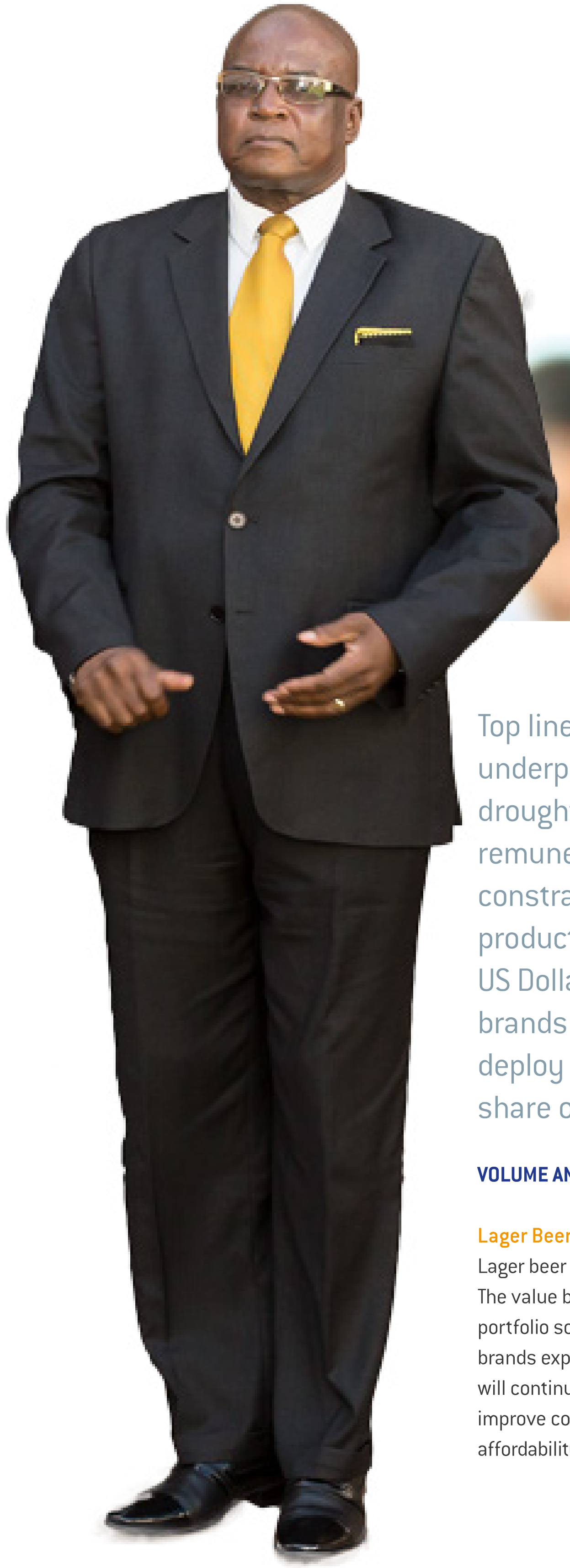
CASH GENERATED FROM OPERATIONS DECREASED

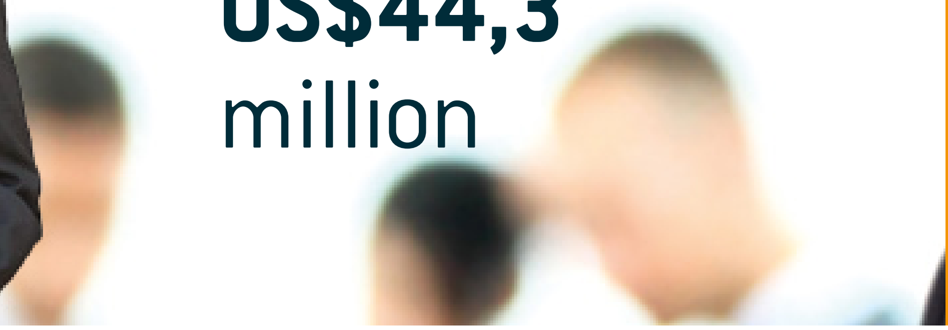
US$7 million

Revenue decreased by 7% on prior year reflecting the effects of lower sales value and volume in both lager beer and sparkling beverages. This was mitigated by a significant increase in Sorghum beer due to the increased contribution of higher value Chibuku Super.

Cash generated from operations is down US$7 million on prior year due to lower profitability and reduced creditors.

CHAIRMAN'S STATEMENT





CAPITAL EXPENDITURE

US$44,3 million

Top line revenue was weak at 7% below last year underpinned by economic headwinds. The El Nino induced drought, poor cash and liquidity availability, delayed remuneration and continued retrenchments all worked to constrain consumer demand. There is some infiltration of products from adjacent markets due to the stronger US Dollar. Consumers continue to shift towards affordable brands as they seek to stretch their dollar. We continue to deploy our complementary beverage portfolio to defend our share of consumer spend in this shrinking market.

VOLUME AND OPERATIONS REPORT

Lager Beer

Lager beer volume is 8% below prior year. The value brands grew, the premium portfolio softened, while the mainstream brands experienced the most decline. We will continue to focus on strategies that improve competitiveness and address affordability.

Sparkling and Alternative Beverages

The Sparkling beverages volume declined 6% for the full year. The value packs dropped volumes while the premium packages declined. The alternative beverages volume (Shumba Maheu and Supersip) declined 2% versus prior year.

Sorghum Beer

Sorghum beer volume is down 3% for the year. Favourable pricing of standard Chibuku and improved availability of Chibuku Super helped to uplift both demand and spend in the second half of the year.

CHAIRMAN'S STATEMENT (CONTINUED)

NET CASH

US$101 million

benefiting from past earnings together with a reduced and prudent capital allocation.

TOTAL TAX REMITTANCES

US$139 million

SPECIAL DIVIDEND

US$11,7 million

Chibuku Super plants in Kwekwe and Masvingo are scheduled for commissioning by September 2016 at a cost of US$30 million.

FINANCIAL RESULTS

Operating income declined by 14% to prior year while EBIDTA declined by 10%, a reflection of overhead cost control. The operating margin is down to 20% from 22.08% recorded last year due to reduced prices, a changed mix and lower volumes. The softening deposit interest rates have resulted in lower net finance income despite the higher average cash holding during the year. Our associates, African Distillers, Nampak Zimbabwe and Schweppes Zimbabwe Limited have performed satisfactorily in this period.

The net cash stands at $101 million, benefiting from past earnings together with a reduced and prudent capital allocation. Capital expenditure amounted to $44,3 million.

GROWING WITH OUR COMMUNITIES

We continue to focus on programs that improve the livelihoods of our communities by growing local enterprise. We continue to run programs on local sourcing of key raw materials, contract farming and supplier partnering to achieve global competitiveness. This is in addition to our brand activities on sports, arts and other corporate social investment activities.

DIRECTORATE

We welcome Dr Charity Jinya and Mr Todd Moyo who were appointed to the Board of Directors in April 2016.

OUTLOOK

All indications point to a difficult trading environment ahead. We have a clear strategic framework focused on profitability and shareholder returns.

SPECIAL DIVIDEND

Taking into account the current and future business requirements, the Board has decided to declare a special dividend of $11,7m to distribute some of the retained cash.

DIVIDEND

The Board declared an interim dividend of US1,40 cents per share and a final dividend of US2,35 cents per share. In addition a special dividend of US0,95 cents has been declared. This brings the total dividend in respect of the year ended 31 March 2016 to US4,70 cents per share.

For and on behalf of the Board

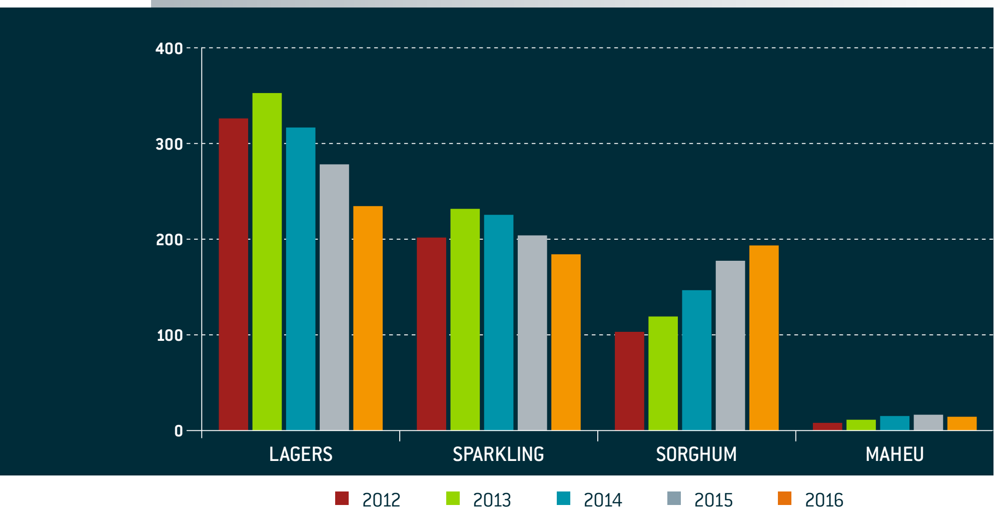
C F Dube
Chairman
9 MAY 2016

REVIEW OF OPERATIONS

BEVERAGES BUSINESS - OVERVIEW

The trading environment was challenging throughout the year. Consumer spend and disposable incomes remained constrained particularly due to the liquidity and viability issues in industry which led to company closures, rampant retrenchments, delayed payments of salaries and wages and the continued shifting of civil service pay dates. The shortages of hard cash became a lot more pronounced in the second half of the year, as banks failed to avail cash to their customers or limited the quantum of cash withdrawals. This had a negative impact on the demand of our beverage products. The business responded by pushing back on value chain costs and moderating prices to maintain affordability with the aim of retaining consumers within its beverage portfolio.

BEVERAGE GROSS REVENUE **(US$M)**



The highlight in the alcoholic beverages sector was the increase in the supply of Chibuku Super, whose incredible appeal has resulted in some consumers shifting from other beer categories. The strength of the US Dollar against regional currencies continues to drive imports. The arbitrage opportunities offered by the currency and pricing disparities promote illicit imports as the 'informal' traders take advantage of 'porous' borders to bring in product without paying the requisite duties and taxes.

We continue to collaborate with the Liquor Licensing Board in the joint efforts to increase the number of licensed traders. The recent launch of the online access to license application forms is expected to increase convenience to traders and reduce the cost and period of obtaining or renewing licences.

The company is a member of the Zimbabwe Association of Alcoholic Beverage Manufacturers whose mandate is to promote responsible retailing, consumption and manufacturing of alcohol.

The non-alcoholic beverages sector had varied performances. The first half of the year was dominated by the surge in imported value brands. This reduced in the second half following the introduction of a new duty structure, together with our own strategies to refine pricing through tactical promotions. The imports of our franchise brands continued driven by the depreciation of the regional currencies against the strong US Dollar. Demand increased somewhat due to the high temperatures recorded in December 2015 into January 2016. A regional player announced its intention to localise the production of a major competitor's brands in the country. We continue to see the entry of players into the sector, particularly in the Maheu segment.

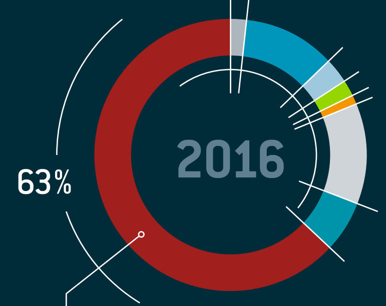
The Company continues to upscale its go to market activities with a key focus in meeting customer expectations on delivery times, refrigeration and display equipment and general market execution. Our brands remain visible through promotions, brand activities in sports, arts and culture and partnerships with our valued traders.

REVIEW OF OPERATIONS (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

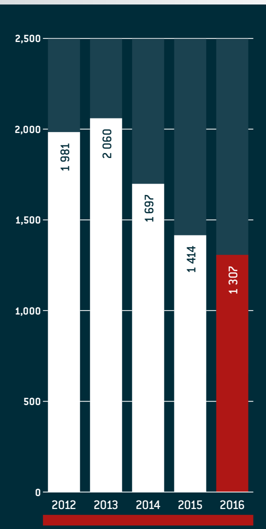
1 GREAT TASTE
26 COUNTRIES
120
YEARS OF
BREWING PERFECTION

LAGER BEER TRADE CHANNEL **SALES % CONTRIBUTION**



SPECIAL EVENTS	2%
BOTTLE STORE	11%
GENERAL DEALER	3%
HOTEL & RESTAURANT	2%
OTHER	1%
BAR	12%
SUPERMARKET	6%
WHOLESALE/DISTRIBUTOR	63%

LAGER VOLUME PERFORMANCE **(000HL)**



Lager beer volume at 1,3 million hectolitres was 8% below prior year: a reduction of nearly 40% from the record volume recorded in the year to March 2013. The negative volume trend was more pronounced in the second half of the year mainly due to the biting liquidity challenges, cash shortages and the shifting of consumers to lower value brands and the sorghum beer segment.

1,3 M HECTOLITRES

Lager beer volume at 1,3 million hectolitres was 8% below prior year: a reduction of nearly 40% from the record volume recorded in the year to March 2013.

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REVIEW OF OPERATIONS (CONTINUED)

1895: The South African Breweries is founded with its registered office being the Castle Brewery. Charles Glass entrusts his Castle Beer recipe to SAB and returns to England, leaving a legacy that has been passed down from brewmaster to brewmaster and making Castle Lager the taste that has truly stood the test of time.

The targeted price reductions implemented during the year have somewhat helped in maintaining consumers within the category. There is some noticeable increase in the importation of our franchise brands, mainly driven by the arbitrage opportunities offered by the marked slide in regional currencies from January 2016.

There are ongoing initiatives to reduce production and distribution costs to achieve competitiveness versus imports. Our traders and customers do appreciate the need to charge the recommended retail prices to reduce pressure on the consumer. The Company has increased promotional activity in order to excite the consumers and maintain brand awareness. These efforts include the placement of low energy demand coolers that can be powered by alternative electricity sources in view of the power cuts that disrupt availability of cold beverages.

Our flagship brand, Castle Lager celebrated 120 years of brewing excellence and a series of events took place to celebrate this milestone. A limited edition commemorative pack was introduced and a Summer Celebration Promotion and music event was also held that brought together top local and international artists in partnership with Musica, an Italian Embassy's cultural exchange programme. To amplify this milestone achievement, Castle Lager made a generous donation on behalf of its consumers towards the conservation efforts of CAMPFIRE during the celebrations.

Castle Lager continues to sponsor the Premier Soccer League (PSL), Zimbabwe Cricket National team Test and One Day Internationals, as well as Africa's first ever grade one sponsored horse race, the Castle Tankard which is running its 54th Edition in May 2016.

Zimbabwe's leading premium beer, Golden Pilsener, underwent an exciting new label upgrade to a pressure-sensitive label in line with international standards. The new contemporary label design has gone a long way in building premium credentials for a brand that already boasts two Monde Gold awards for quality from the internationally renowned rating agency. Golden Pilsener continued its partnership with The Golden Pilsener Zimbabwe Open Golf tournament during the course of the year.

The Company continues to offer new premium brands designed to satisfy our consumer's high status aspirations and quench their thirst with high quality beer with the introduction of Castle 1895 Draught and Carling Blue Label.
Delta Beverages continues to invest in the sport and arts sector through its brand sponsorships: Carling Black Label bankrolled the National Pool tournament whilst Zambezi Lager remains the official beer for Kariba Invitational Tiger Fishing Tournament and the Victoria Falls Carnival. Castle Lite led the beer category in innovative ways of engaging and exciting our consumers by staging the first ever Extra-Cold Block Party in Zimbabwe, which was held at Newlands Shopping Centre on Saturday 7th November 2015.

Castle Lite also partners Harare Athletics Club's end of season Castle Lite Jog 'n Grog social run.

We also focused on the development of our valued traders through a Retailer Development Program which is aimed at upskilling traders on basic business skills as well as how to run their beer businesses in a sustainable and profitable manner. The program also covered areas of responsible retailing as well as proper post consumption waste management practices.

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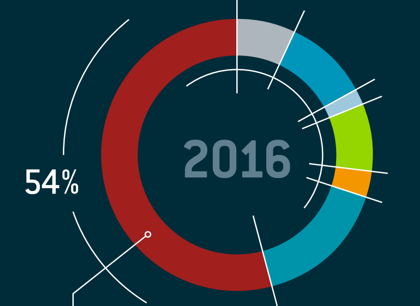
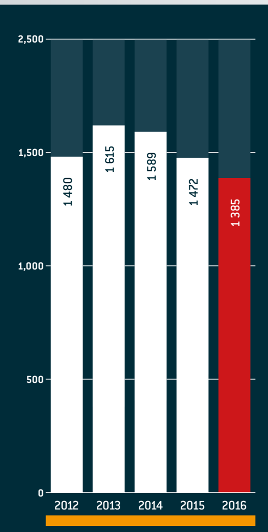
REVIEW OF OPERATIONS (CONTINUED)

SPARKLING BEVERAGES TRADE **CHANNELS SALES % CONTRIBUTION**



■	BOTTLE STORE	7%
■	GENERAL DEALER	10%
■	HOTEL & RESTAURANT	2%
■	OTHER	8%
■	BAR	3%
■	SUPERMARKET	16%
■	WHOLESALE/DISTRIBUTOR	54%

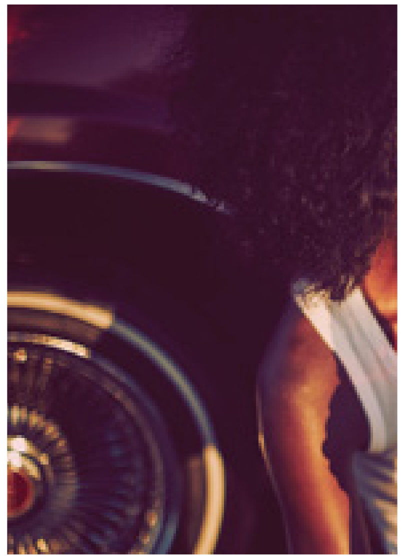
SPARKLING BEVERAGES VOLUME **(000HL)**

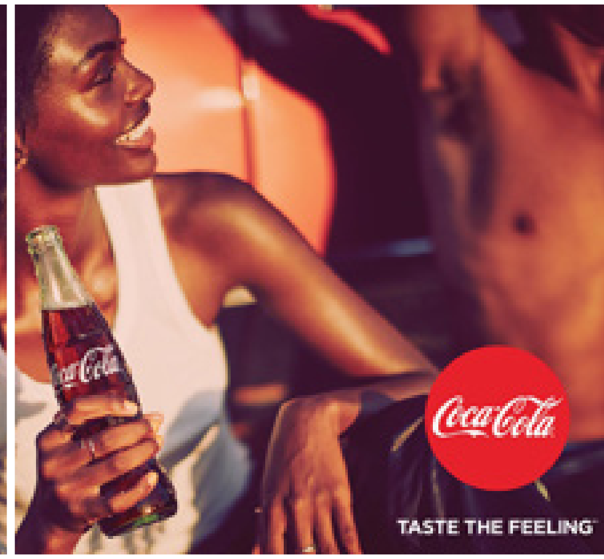


1,4 M HECTOLITRES

Sparkling beverage volume for the year at 1,4 million hectolitres was 6% below prior year.

REVIEW OF OPERATIONS (CONTINUED)





SPARKLING BEVERAGES BUSINESS

Sparkling beverage volume for the year at 1,4 million hectolitres was 6% below prior year. The first half of the year witnessed a significant upsurge in imported value brands mostly in PET packs at penetrative affordable prices. The trend was reversed in the second half with the Company responding through tactical promotions, partnerships with our traditional retail customers, accelerated investments in informal market equipment and coolers, and moderation of retail prices. There was additional benefit from the import duties that were imposed as part of the government's ongoing efforts to reduce the trade deficit. The decline in the regional currencies against the resurgent US Dollar continues to drive parallel imports of our franchise brands. The Company continues to work collaboratively with The Coca-Cola Company to strengthen the product portfolio, leverage on the unparalleled strong brands and wide range of its flavour and pack offerings. The year 2016 will see the launch of the new 'Taste the Feeling' global campaign to ride on the recent Share A Coke which resonated with our consumers.

*The new **"Taste the Feeling"** campaign uses universal storytelling and everyday moments to connect with consumers around the world whilst celebrating the experience and simple pleasure of drinking a Coca-Cola, any Coca-Cola or whichever Coca-Cola suits their taste, lifestyle, and diet.*

We have continued to invest in cold drink infrastructure for both the formal and informal sectors, this will focus on energy efficient equipment and HFC-free refrigerant coolers which will mostly be CO_2 based.

The business continues to leverage on its association with The Coca-Cola Company in areas of training, market development programs, productivity improvements and implementation of best practice in distribution, workplace safety and consumer marketing. This has resulted in improved market execution and focused engagements with the customers through tailored consumer focused promotions. The various brands continued to support consumer activities such as the Copa Coca-Cola Schools soccer, sports and musical events. We were able to send in two talented young soccer players to Germany on an exchange program.

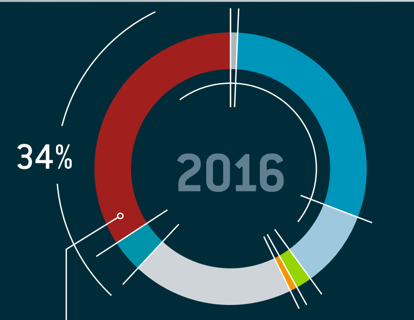
On April 26, 1915, the Trustees of the Coca-Cola Bottling Association voted to expend up to $500 to develop a distinctive bottle for Coca-Cola… The Root Glass Company put forth a patent registration under Samuelsson's name which was granted on November, 16th, 1915. Therefore in 2015, as we celebrate 100 years of the patent of the famous contour shaped Coca-Cola bottle, it is indeed a shape for all who want to enjoy an ice cold, delicious and refreshing Coca-Cola.

REVIEW OF OPERATIONS (CONTINUED)

SORGHUM BEER BUSINESS

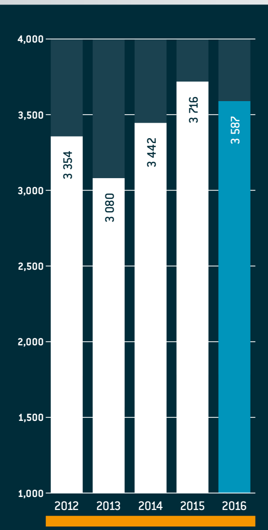
Sorghum beer volume of 3,6 million hectolitres was 3% below prior year, a reasonable outturn given the depressed consumer demand. The Chibuku Super brand was launched nationally, benefiting from the additional capacity installed at Fairbridge Brewery in the second half of the year resulting in considerable gains in market share.

SORGHUM BEER TRADE **CHANNELS SALES - CONTRIBUTION**



SPECIAL EVENTS	1%
BOTTLE STORE	30%
GENERAL DEALER	9%
HOTEL & RESTAURANT	2%
OTHER	1%
BAR	19%
SUPERMARKET	4%
WHOLESALE/DISTRIBUTOR	34%

SORGHUM BEER VOLUME **(000HL)**



3,6 M
HECTOLITRES

Sorghum beer volume of 3,6 million hectolitres was 3% below prior year, a reasonable outturn given the depressed consumer demand.

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REVIEW OF OPERATIONS (CONTINUED)

This year we trace our roots to Masvingo (formerly Fort Victoria) when in 1961, Max Heinrich, after securing the blessing of the colonial state with the grant of a licence, secured a contract to supply Chibuku to the municipality of Fort Victoria. From its first foothold in this small urban centre, Heinrich expanded rapidly and by 1962, breweries had been established to supply the municipalities of QueQue (Kwekwe) and Sinoia (Chinhoyi). We retrace this history with the factory upgrades to produce Chibuku Super at the historic sites of Masvingo and Kwekwe.

Chibuku is about celebrating our culture. Our totems are an inherent and integral element of our culture as they identify us with our cultural origins. The brand, by running a pride of origin campaign through the Ngatizivane neMutupo Campaign, has created excitement amongst consumers as they develop an understanding of totems in Zimbabwe.

The Masvingo and Kwekwe breweries are being upgraded at a cost of about $30 million to modern facilities which will produce both Scud and Chibuku Super. This additional capacity is expected to come on stream in the third quarter of calendar year 2016.

The price of the 2 litre Scud was reduced, which stimulated demand in line with the strategy to enhance affordability and retain consumers in the beer categories. The category continues to capture some of the mainstream drinkers that are falling off from lager beer and other high priced alcoholic beverages. The success of Chibuku Super has seen the emergence of competitors who are offering the standard product in PET packaging as imitations of Chibuku Super. The new Chibuku Super factories incorporate significantly higher general manufacturing practices which support the emerging food safety standards. The Masvingo and Kwekwe breweries are being upgraded at a cost of about $30 million to modern facilities which will produce both Scud and Chibuku Super. This additional capacity is expected to come on stream in the third quarter of calendar year 2016.

The production facilities will continue to be rationalised to align with the demand for Chibuku Super versus that of the 2 litre Scud. As at March 2016 there were nine production centres.

The brand strengthened its ties with the football fraternity through its continued sponsorship of the Chibuku Super Cup. The brand retained the partnership with the Zimbabwe Arts Council through the sponsorship of the Chibuku Road-to-Fame and Neshamwari Dance Festivals. Chibuku Road to Fame remains a platform that is pivotal in identifying grass root musical talent.

The Chibuku Super brand embarked on the Mutupo (totem) campaign towards the end of the financial year, a campaign that aims to build the brand's credentials as well as celebrating our consumers' heritage.

The Chibuku Super pack will carry a special edition of totemic labels with traditional praise narratives.

There are ongoing developments to enhance the appeal of our product offering, such as the introduction of the chocolate flavoured Chibuku Super Choco and the planned relaunch of the *Thabani* brand.

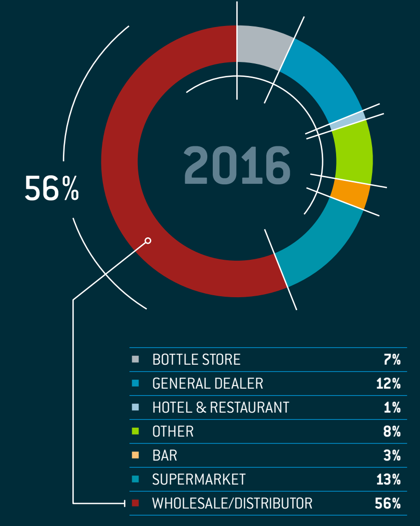
REVIEW OF OPERATIONS (CONTINUED)

ALTERNATIVE BEVERAGES BUSINESS

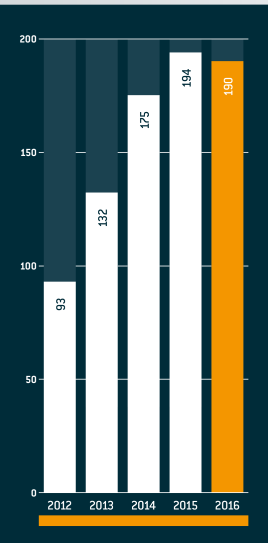
Alternative beverages under the Shumba Maheu and Super Sip brands had an outturn of 190 thousand hectolitres which was 2% below prior year, a reasonable performance in view of the supply outages arising from a plant breakdown in the second quarter and the intense competition from local players and imports.

The Shumba Maheu range benefited from the packaging upgrades and the new flavour variants whilst SuperSip saw the introduction of the foil seal which enhanced shelf stability. The sachet pack was introduced during the year, with distinctive attributes which makes it standout in a crowded market segment.

MAHEU CHANNELS
SALES CONTRIBUTION



MAHEU
VOLUME **(000HL)**



Alternative Beverages under the Shumba Maheu and Super Sip brands had an outturn of 190 thousand hectolitres which was 2% below prior year

REVIEW OF OPERATIONS (CONTINUED)

The sachet pack was introduced during the year, with distinctive attributes which makes it standout in a crowded market segment. The focus during the year was on consumer awareness on the new packaging and new flavours.

The focus during the year was on consumer awareness on the new packaging and new flavours.

The efforts to enhance affordability were dented by the government's decision to change the category's value added tax tariff from zero rated to exempt; this resulted in the input VAT on key raw materials and packaging not being deductible. This was a significant cost increase in a market that is dominated by imports from the region particularly Zambia whose currency had depreciated by over 30%. We continued to excite the market with our brands through participation at the Harare Agricultural Show and Zimbabwe International Trade Fair (ZITF), with our displays receiving positive reviews.

REVIEW OF OPERATIONS (CONTINUED)

TRANSPORT SERVICES OPERATION

The Transport Services Division was set up to provide suitably designed and adequately maintained vehicles to the Beverages Divisions.

The Company operates an internal fleet comprising over 200 prime mover vehicles and in excess of 400 trailers, primarily for secondary distribution, which allows the Company to deliver its products directly to over 20 000 customers. The primary freighting from the production centres is largely contracted to third party operators. The fleet travelled some 9.4 million kilometres during the year. Capital expenditure in the year related to the purchase of 18 super link trailers and 8 freight hauliers which are part of the programme to build some capacity for internal primary freighting.

The Division has achieved notable improvements in vehicle productivity and fuel economy although there are challenges arising from the deteriorating road conditions which drives maintenance costs.

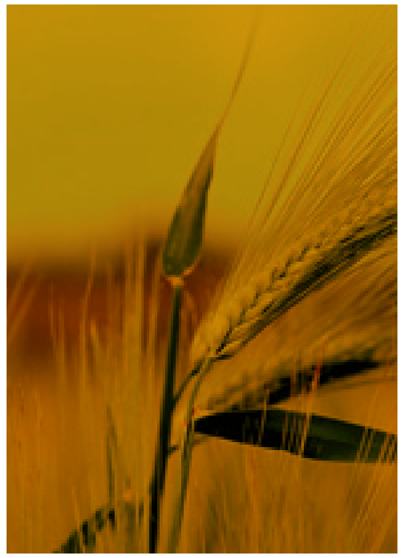
The Company operates a forklift fleet and other related lifting equipment. The continued investment in forklifts is part of ongoing initiatives to improve warehouse operations and reduce the total cost of distribution by focusing on driver performance, load configurations, pallet staking heights, product placements for optimum order picking, offloading automation and mechanisation of customer order sorting. The forklift trucks running costs are being optimised by switching from liquid petroleum gas to diesel fuel, installation of speed restrictors and use of double pallet handlers.

With a total of over two hundred delivery vehicles plying our roads each day, it is imperative for the Company to uprate driver safety.

The division continues to invest in driver training and safety awareness. During the year an ACT1ON safety campaign was launched whose focus is on personal responsibility by staff and contractors for Safety and Health including Road Safety. The Respect the Road campaign, whose components include modules on respecting other road users particularly pedestrians, driver positive attitude and vehicle condition complemented efforts to reduce road traffic accidents. We also work collaboratively with the Traffic Safety Council in furtherance of programmes to reduce drinking and driving while promoting defensive driving. Our drivers continue to participate in the annual driving competitions within the company and against other fleet operators. In 2015 our drivers participated in The Traffic Safety Board-Driver of the Year and scooped the second, third, fourth and fifth positions and will proceed to represent the country in the international competition to be held in Finland.

REVIEW OF OPERATIONS (CONTINUED)

The first modern malthouse was built at Cameron Street in 1932 following years of research and partnerships with local farmers to achieve self-sustenance in barley supply. A new malt facility was commissioned at Kwekwe in 1976 with the Breweries assisting farmers in developing irrigation infrastructure and funding the winter cropping. The sorghum malting plant at Aspindale was purchased in 2010.



MALTINGS

The domestic malt sales for the year at 12 932 tonnes were 12% below prior year, reflecting the low lager beer sales during the year.

The Company had to skip the contracting of barley in 2015 due to excess stocks carried over from the 2013 and 2014 seasons. The overstock position coincided with the dip in beer volumes. The malt usage by local brewers has remained depressed, and in the absence of any significant exports, the carry-over stocks provide cover for calendar year 2016. The Company has converted the barley stocks into malt and managed to avert any serious deterioration in quality which normally results from long period in storage.

This unfortunate development has had significant impact on our loyal farmers who, in most instances, could not switch to alternative winter crops to mitigate the lost season.

A small hectarage has been contracted for the 2016 crop. The major challenge remains that of achieving a viable barley price through improvements in farm productivity, upgrading of farming practices and reduction of value chain costs.

Exports of malt to regional markets resumed during the year. A total of 12 305 tonnes was sold, albeit at breakeven prices in order to run down barley stocks. Some of the malting capacity was utilised in toll malting for Zambian Breweries.

Sorghum malt sales from the Aspindale factory in Harare increased by 1% over prior year benefiting from a firmer demand from sorghum beer breweries and the additional sales into the Maheu category. The Company continues to rely on the sorghum contract scheme with both commercial and communal small scale farmers.

The Scheme was awarded a silver medal in the global ***SABMiller Graham Mackay 2016 Awards*** for sustainable development under the productive land use category. This was in recognition for the scheme's benefits in uplifting the livelihoods of more than 9 000 communal farmers that participate in the scheme each year.

The 2014/15 season was affected by a mid-season drought that impacted on yields. The Company procured some bridging stocks from the Grain Marketing Board. The 2015/16 season has been similarly affected by a drought which forced the company to reduce the contracted hectarage.

Research and development work on both barley and sorghum varieties is continuing. A new sorghum variety, Rakodzi is now undergoing full scale brewing trials whilst two varieties are undergoing purity tests. This work allows the continual development of varieties with improved agronomic and brewing performance.

REVIEW OF OPERATIONS: ASSOCIATES

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 iced tea.

Volume performance for the twelve months to March 2016 was positive at 4% above prior year on an undiluted basis. This was achieved in a highly competitive business environment with an increase in lower priced imports of cordials and nectars resulting from the depreciation of regional currencies.

The volume growth was on the back of sharper retail price points implemented over the last three years. The locally manufactured juice drink products under the Minute Maid brand are now well entrenched in the market with a market share of over 90% within the juice drinks sub-category.

The still water category was under severe pressure from competitors due to the low barriers to entry and increased demand for bottled water. In mitigation, the business implemented a dual brand strategy for bottled water which required commissioning a new bottling line. This saw the introduction of a competitively priced new water brand - Bonaqua, during the second half of the year. This brand has been well received in the market which should see the business regain market share.

The two water brands (Schweppes and Bonaqua) remain the consolidated market leader in the category.

Beitbridge Juicing Private Limited (BBJ), a subsidiary of Schweppes Zimbabwe Limited is the main supplier of juice concentrates.

During the year 2015, the business acquired a 70% stake in Best Fruit Processors (Private) Limited (BFP). The principal activity of this business is the manufacture of tomato puree and paste and other fruit pastes, pulps and concentrates. BFP has potential for significant exports whilst supplying previously imported inputs to the local market. It is envisaged that the local farmers will benefit through tomato farming with BFP providing a ready market for good quality produce.

The after tax share of profits from this associate entity amounted to US$2,4 million for the year to March 2016 (2015: US$2,4million).

DELTA CORPORATION LIMITED ANNUAL REPORT 2016

REVIEW OF OPERATIONS: ASSOCIATES (CONTINUED)

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.

AFRICAN DISTILLERS LIMITED

The associate registered a decline in both volumes and revenues due to increased pressure on retail spend, shift in consumer preferences from brandy and intensifying competition from grey trade.

Volume for the nine months to March 2016 was 3% down versus prior year whilst revenue was down 13%.

The company reported an operating income of $2,1 million for the nine months to March 2016 which was 21% lower than last year reflecting the pressure on margins and low volume.

The business continues to explore opportunities to grow volume, optimise the sales mix and reduce costs in order to ride the turbulence in the operating environment. These initiatives include collaboration with key customers, reviews of the distribution model, product innovation, brand extensions and retail price adjustments.

REVIEW OF OPERATIONS: ASSOCIATES (CONTINUED)

NAMPAK ZIMBABWE

Nampak Zimbabwe was created by the merging of the packaging related entities MegaPak, Hunyani and CarnaudMetalbox (CMB) in 2014 with the new entity taking over Hunyani Holdings' stock exchange listing.

Nampak's activities are summarised below:

ENTITY	LINE OF BUSINESS
MegaPak	Manufacture of injected and moulded primary and secondary plastic and PET packaging products
Hunyani	Manufacture of paper, printing and packaging products
CarnaudMetalbox	Manufacture of metal aerosol cans, crowns and plastic bottles

The company reported an improved financial performance for the half year to March 2016, following a year of consolidating group synergies post the merger of the three units in 2014. The business faces significant competition from imported products as customers look to reduce their value chain costs, driven by the strong US dollar versus regional currencies. The company's customers are facing competition from imported finished products, which reduces their demand for packaging materials. There was some benefit from the measures taken by government to curtail imports of finished products such as edible oils and soft drinks.

DELTA CORPORATION LIMITED ANNUAL REPORT 2016

REVIEW OF OPERATIONS: ASSOCIATES (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINITIES

The principal risks facing the Group and considered by the board and group management committee are detailed below. These are not the only risks facing the Group. There may be additional risks not currently known to us or that we currently deem to be immaterial which may materially adversely affect the business, financial condition or results of operations in future periods.

Unfavourable general economic and political conditions in the country

The economic environment continues to deteriorate and this increases the overall risk of doing business. The political environment, although peaceful, remains turbid. The next general elections are in 2018 which could increase the risk of political violence. Key members of the country's leadership are on US and EU targeted restrictive measures. This is a time when there is increased scrutiny of cross border financial transactions (FICA or OFAC). Fiscal revenues are inadequate.

Concerns about perceived negative health and social consequences of both alcoholic and non-alcoholic beverages.

There is growing global concern and high profile debate over alcohol consumption, certain ingredients and advocacy for reduced consumption of sugar sweetened beverages. These issues would impact on consumer preferences, hence any restrictions on the permissible advertising style, media and messages and the marketing, labelling, packaging or sale of these beverages could impact on performance.

Product Safety and Quality Issues and Trademarks

Our success depends in large part on our ability to maintain and enhance the image and reputation of our brands/products. We have rigorous product safety and quality standards which we endeavour to meet. Any product that becomes contaminated or adulterated may be subject to product liability claims and negative publicity which impacts on the business. Any failure to protect the company's intellectual property rights, trademarks, patents, trade secrets and knowhow may have adverse effects on the business.

Both the alcoholic and non-alcoholic beverage sectors are highly competitive. Competition is from local alternative beverages, imports of own franchise brands by retailers, private label brands, and is across beverage categories. The depreciation of regional source market currencies will place pressure on local pricing of certain brands and packs. We continue to strengthen our capabilities in marketing and innovation and to review value chain costs.

PRINCIPAL RISKS AND UNCERTAINITIES (CONTINUED)

Regulatory or Policy Risks - Indirect Taxes

Our business is subject to numerous duties or taxes such as import duties, excise taxes and other levies.

These taxes can be changed at short notice, thereby impacting on pricing and hence demand of our products.

Environmental Management Policies

There is increasing concern and changing attitudes about solid waste streams and environmental responsibility and adoption of certain ecotaxes or fees charged in connection with use of certain beverage containers. Changes in such regulations affect the cost of doing business and force changes to our product developments and distribution models.

Information and Cyber Security

The Group relies on information technology systems to process, transmit, and store electronic information. There is increasing cyber-attacks capabilities, which could result in business interruptions. Any un-authorised access to the Company's confidential data or strategic information or its public disclosure could harm the company's reputation or impact on its operations. There is also risk of tighter regulations on access to personal data of consumers and customers.

Default by Counterparty Financial institutions or Customers

We have significant amounts of cash, cash equivalents and other investments on deposit with banks and financial institutions. We also extend both secured and unsecured credit to our retail customers. The risk of counterparty default or failure may be heightened during economic downturns and periods of uncertainty. In addition, there are challenges in meeting both in country and external payments or cash withdrawals. Losses could therefore arise from bankruptcy or insolvency of these counterparties.

Instability in the supply of utilities and agricultural raw materials

The business relies on agricultural raw materials such as sugar, maize, barley and sorghum whose supply is impacted by adverse weather patterns and decreased agricultural productivity in the country and the region. The reduced availability of these commodities and escalations in costs affect the viability of the Company and the food security of communities, farmers and the consumers. There is need to focus on sustainable water ecosystems and productive land use.

The supplies of water, electrical power and other utilities remains unstable, which could disrupt production, cold beverage availability and the sourcing of local materials and services.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH

The Directors present their 69th Annual Report together with the Audited Financial Statements of the Group for the year ended 31 March 2016.

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	80 089
Transfer from share option reserve	343
	80 432
Less Dividends	
Interim $0,014 per share paid December 2015	17 296
Final $0,0235 per share payable June 2016	28 927
Special $0,0095 per share payable May 2016	11 694
Share Buy Back	5 680
Add	
Distributable Reserves at the beginning of the year	379 074
Distributable Reserves at the end of the year (net of proposed dividends)	395 909

PROPERTY, PLANT AND EQUIPMENT

Capital expenditure (inclusive of returnable containers) for the year to 31 March 2016 totalled US$44,3 million. The capital expenditure for the year to 31 March 2017 is planned at US$47 million.

INVESTMENTS

The Company's effective shareholding in African Distillers Limited is 38,14% , Schweppes Holdings Africa Limited at 49% and 21.46% in Nampak Zimbabwe.

SHARE CAPITAL

The authorised share capital of the Company remains at 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 1 745 300 ordinary shares in accordance with the share option schemes. The ordinary shares in issue are 1 244 313 975. The Company held a total of 13 376 978 of its own shares as treasury stock.

REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

Accordingly, the issued share capital is now US$45,4 million comprising nominal capital of US$12,3 million and share premium of US$33,1 million. The number of shares currently under option is 31 908 600 of which 7 616 000 are under the Share Appreciation Rights Scheme.

The Company now maintains both a materialised certificate register and an electronic de-materialised maintained by Chengetedzai Security Depository. Shareholders can opt to maintain their shares either in paper certificates or in electronic/ dematerialised form through a nominated Custodian.

DIVIDENDS

The Board declared an interim dividend of US1,40 cents per share and a final dividend of US2,35 cents per share. In addition a special dividend of US0,95 cents has been declared. This brings the total dividend in respect of the year ended 31 March 2016 to US4,70 cents per share.

RESERVES

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

PURCHASE OF OWN SHARES

At the last annual general meeting, authority was granted for the company to purchase its own shares up to a maximum of 10% of the number of shares in issue as at 31 July 2015. The authority is due to expire at the conclusion of the next annual general meeting in July 2016. The notice of the annual general meeting proposes that shareholders approve a resolution renewing the authority for the share buyback.

The authority was utilised to purchase a total of 7 313 924 shares which are held as treasury stock. The number of the treasury shares held as at 31 March 2016 was 13 376 978.

GOING CONCERN

The directors have reviewed the Group's performance for the year and the principal risks it faces, together with the budget and cash flow forecasts, in particular for the next twelve months, and the application of reasonable sensitivities associated with such forecasts. On the basis of this review, and in light of the current financial position and the existing committed borrowing facilities, the directors are satisfied that the Group has adequate resources to continue in operational existence and therefore have continued to adopt the going concern basis in preparing the consolidated financial statements.

DIRECTORS

The names and summarised resumes for the directors are set out on page 91. All the current directors served throughout the period except for Dr Charity C Jinya and Mr Todd Moyo who were appointed as non-executive directors on 1 April 2016.

Dr C C Jinya and Mr T Moyo retire at the end of their interim appointments and offer themselves for re-election. Messrs C F Dube, J A Kirby, S J Hammond and T N Sibanda 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 69th Annual General Meeting of the Company will be held at 12:30 hours on Friday 29 July 2016 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 2016

DELTA CORPORATION LIMITED ANNUAL REPORT 2016

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 91. The Board governs through clearly mandated board committees, which have specific written terms of reference. Committee chairmen report on the proceedings of their committees at the next meeting of the Board. All directors who have served on the board for a continuous period exceeding twelve years are required to offer themselves for re-election annually.

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.

CORPORATE GOVERNANCE (CONTINUED)

THE NOMINATION COMMITTEE
The Nomination Committee is the 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 the Chairman, non-executive directors and the Chief Executive Officer.

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 2015 to 31 March 2016)

NAME OF DIRECTOR	Main Board/AGM		Audit Committee		Remuneration Committee	
	Attended	Possible	Attended	Possible	Attended	Possible
Mr P Gowero	5	5	2	2	3	3
Mr M J Bowman	5*	5	—	—	—	—
Mr C F Dube	5	5	2	2	3	3
Mr S J Hammond	5	5	—	—	3	3
Dr C C Jinya	N/A	Nil	—	—	—	—
Mr J A Kirby	5	5	2	2	3	3
Mr T Moyo	N/A	Nil	—	—	—	—
Mr LEM Ngwerume	2	5	—	—	—	—
Prof H C Sadza	4	5	—	—	—	—
Mr T N Sibanda	5	5	2	2	—	—
Mr M M Valela	5	5	—	—	—	—

* Mr M J Bowman was represented by an alternate director at one meeting.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

Delta's directors are required by the Companies Act to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed, suitable accounting policies have been used, and applied consistently, and reasonable and prudent judgements and estimates have been made. The financial statements incorporate full and responsible disclosure in line with the 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 2017. 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 34.

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 2016, which appear on pages 35 to 77 were approved by the Board of Directors on 9 May 2016 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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DELTA CORPORATION LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated and separate financial statements of Delta Corporation Limited, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 35 to 77.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03) and Statutory Instruments ("SI") SI 33/99 and SI 62/96, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Delta Corporation Limited as at 31 March 2016, and its consolidated and separate financial performance and its consolidated and separate 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 the relevant statutory instruments (SI 33/99 and SI 62/96).

Deloitte & Touche

Deloitte & Touche
Zimbabwe
9 May 2016

Deloitte.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH

	Notes	2016 US$ 000	2015 US$ 000
CONTINUING OPERATIONS			
REVENUE	8	**538 198**	576 552
NET OPERATING COSTS	9.1	**(442 126)**	(465 416)
OPERATING INCOME		**96 072**	111 136
Finance cost		**(5 726)**	(5 378)
Finance income		**11 621**	12 740
Share of profit of associates	13	**3 944**	3 265
Profit before tax		**105 911**	121 763
Taxation	11.1	**(25 822)**	(29 809)
PROFIT FROM CONTINUING OPERATIONS		**80 089**	91 954
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations		**—**	846
Profit for the year		**80 089**	92 800
Other comprehensive income for the year		**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**80 089**	92 800
Profit for the year from continuing and discontinued operations attributable to:			
Owners of the parent		**80 089**	91 943
Non-controlling interest		**—**	857
		80 089	92 800
Profit for the year from continuing operations attributable to:			
Owners of the parent		**80 089**	91 954
Non-controlling interest		**—**	—
		80 089	91 954
Weighted average shares in issue (millions)		**1 234,2**	1 235,5
EARNINGS PER SHARE (CENTS)			
From continuing and discontinued operations			
Attributable earnings basis	5.6	**6,49**	7,44
Fully diluted basis		**6,48**	7,40
From continuing operations			
Attributable earnings basis		**6,49**	7,44
Fully diluted basis		**6,48**	7,40

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH

	Notes	2016 US$ 000	2015 US$ 000
ASSETS			
Non-current Assets			
Property, plant and equipment	12	**345 332**	341 099
Investments in associates	13	**42 122**	33 474
Intangible assets –Trademarks	14	**2 914**	2 914
Investments and loans	14	**9 740**	9 081
		400 108	386 568
Current Assets			
Inventories	15	**86 431**	98 262
Trade and other receivables	16	**41 739**	43 006
Other assets		**1 944**	2 218
Cash and cash equivalents	21.8	**166 016**	133 611
		296 130	277 097
Total Assets		**696 238**	663 665
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	17.2	**12 310**	12 366
Share premium		**33 074**	32 234
Share options reserve		**5 985**	4 531
Retained earnings		**436 530**	407 514
Total shareholders' equity		**487 899**	456 645
Non-current Liabilities			
Borrowings	19	**65 000**	70 000
Deferred tax liabilities	11	**48 833**	41 780
		113 833	111 780
Current Liabilities			
Provisions	20	**21 171**	26 205
Trade and other payables	20	**65 272**	60 734
Current tax liability	21.3	**8 063**	8 301
		94 506	95 240
Total Equity and Liabilities		**696 238**	663 665
Net asset value per share (Cents)		**39,53**	36,96

The financial statements were approved by the Board of Directors and authorised for issue on 9 May 2016.

P GOWERO
CHIEF EXECUTIVE OFFICER

M M VALELA
EXECUTIVE DIRECTOR - FINANCE

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH

	Notes	2016 US$ 000	2015 US$ 000
Cash flow from operating activities			
Cash generated from operating activities	21.1	**137 699**	153 347
Decrease/(increase) in working capital	21.2	**12 876**	(14 326)
Cash generated from operations		**150 575**	139 021
Finance cost		**(5 726)**	(5 378)
Finance income		**11 621**	12 740
Income taxation paid	21.3	**(19 007)**	(15 825)
Net cash flow from operating activities - continuing operations		**137 463**	130 558
Net cash flow from operating activities - discontinued operations		**—**	1 132
Net cash flow from operating activities		**137 463**	131 690
Cash flow from investing activities			
(Increase)/decrease in loans		**(659)**	616
Dividend received from associate		**668**	450
Purchase of shares in associate		**(5 372)**	(212)
Purchase of property, plant and equipment to expand operations		**(27 407)**	(19 489)
Purchase of property, plant and equipment to maintain operations		**(16 864)**	(22 040)
Proceeds from disposal of property, plant and equipment		**208**	385
Net cash disposed of from discontinued operations		**—**	(684)
Net cash utilised in investing activities - continuing operations		**(49 426)**	(40 974)
Net cash utilised in investing activities - discontinued operations		**—**	(934)
Net cash utilised in investing activities		**(49 426)**	(41 908)
Cash flow from financing activities			
Dividend paid	21.4	**(45 736)**	(44 453)
Movement in short-term borrowings	21.6	**—**	(68 026)
Movement in long-term borrowings	21.5	**(5 000)**	70 000
Increase in shareholder funding	21.7	**1 205**	3 399
Share buy back	17.5	**(6 101)**	(2 638)
Net cash utilised in financing activities - continuing operations		**(55 632)**	(41 718)
Net cash utilised in financing activities - discontinued operations		**—**	(942)
Net cash utilised in financing activities		**(55 632)**	(42 660)
Net increase in cash and cash equivalents		**32 405**	47 122
Cash and cash equivalents at beginning of the year		**133 611**	86 489
Cash and cash equivalents at end of the year	21.8	**166 016**	133 611
Cash flow per share (cents)	5.7	**12,20**	11,25

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 2014		12 342	28 982	3 527	361 219	406 070	8 309	**414 379**
Profit for the year		—	—	—	91 943	91 943	857	**92 800**
Other Comprehensive income for the year, net of tax		—	—	—	—	—	—	**—**
Total Comprehensive Income for the year		—	—	—	91 943	91 943	857	**92 800**
Transactions with owners:								
Share options exercised		48	3 351	—	—	3 399	—	**3 399**
Share buy back	17.5	(24)	(99)	—	(2 515)	(2 638)	—	**(2 638)**
Transfer from share options reserves		—	—	(1 320)	1 320	—	—	**—**
Recognition of share based payments		—	—	2 324	—	2 324	—	**2 324**
Payment of dividends	21.4	—	—	—	(44 453)	(44 453)	—	**(44 453)**
Non-controlling interest dividend declared		—	—	—	—	—	(393)	**(393)**
Disposal of subsidiary		—	—	—	—	—	(8 773)	**(8 773)**
At 1 April 2015		12 366	32 234	4 531	407 514	456 645	—	**456 645**
Profit for the year		—	—	—	80 089	80 089	—	**80 089**
Other comprehensive income for the year, net of tax		—	—	—	—	—	—	**—**
Total Comprehensive Income for the year		—	—	—	80 089	80 089	—	**80 089**
Transactions with owners:								
Share options exercised		17	1 188	—	—	1 205	—	**1 205**
Share buy back	17.5	(73)	(348)	—	(5 680)	(6 101)	—	**(6 101)**
Transfer from share options reserves		—	—	(343)	343	—	—	**—**
Recognition of share based payments		—	—	1 797	—	1 797	—	**1 797**
Payment of dividends	21.4	—	—	—	(45 736)	(45 736)		**(45 736)**
At 31 March 2016		12 310	33 074	5 985	436 530	487 899	—	**487 899**

NOTES TO THE 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. The addresses of its registered offices and principal place of business are disclosed on page 94 of this annual report.

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 INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) WITH NO MATERIAL EFFECT ON THE CURRENT YEAR REPORTING.

In the current year, the Group has adopted the following new and revised IFRS and annual improvements to IFRS with no significant impact on the consolidated financial statements.

- **IAS 19 Employee Benefits** – clarifies how an entity should account for contributions made by employees or third parties to the defined benefit plans (applicable to annual periods beginning on or after 1 July 2014).

Annual Improvements to IFRSs 2010-2012 Cycle

- **IFRS 2 Share-based Payment** – clarifies the definition of vesting condition and market condition. It also adds definitions for 'performance condition' and 'service condition' which were previously included as part of the definition of 'vesting condition'. (effective for annual periods beginning on or after 1 July 2014).

- **IFRS 3 Business Combinations** – clarifies that contingent consideration should be measured at fair value at each reporting date, irrespective of whether or not the contingent consideration falls within the scope of IFRS 9 or IAS 39. Changes in fair value (other than measurement period adjustments as defined in IFRS 3) should be recognised in profit and loss. (effective for annual periods beginning on or after 1 July 2014).

- **IFRS 8 Operating Segments** – requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly. (effective for annual periods beginning on or after 1 July 2014).

- **IFRS 13 Fair Value Measurement** – clarifies that the issuance of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short- term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. (effective for annual periods beginning on or after 1 July 2014).

- **IAS 16 and 38 Property Plant and Equipment and Intangible assets** – clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/ amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses. (effective for annual periods beginning on or after 1 July 2014).

- **IAS 24 Related Parties** – clarifies that a management entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. (effective for annual periods beginning on or after 1 July 2014).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)

3.1 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) WITH NO MATERIAL EFFECT ON THE CURRENT YEAR REPORTING. (CONTINUED)

Annual Improvements to IFRSs 2011-2013 Cycle

- IFRS 1 First Time Adoption of IFRS – clarifies which versions of IFRS can be used on initial adoption (Amends basis for conclusion only). (effective for annual periods beginning on or after 1 July 2014).
- IFRS 3 Business Combinations – clarifies that IFRS 3 does not apply to the accounting for the formation of joint arrangement in the financial statements of the joint arrangement itself). (effective for annual periods beginning on or after 1 July 2014).
- IFRS 13 Fair Value Measurement – clarifies that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39, or,
- IAS 40 Investment Property – clarifies the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property). (effective for annual periods beginning on or after 1 July 2014).

3.2 NEW AND REVISED IFRS IN ISSUE BUT NOT YET EFFECTIVE

- IFRS 9 Financial Instruments – introduces new requirements for the classification and measurement of financial instruments. (Effective for annual periods beginning on or after 1 January 2018 with earlier application permitted).
- IFRS 14 Regulatory Deferral Accounts – specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. (Effective for first annual IFRS financial statements with annual periods beginning on or after 1 January 2016).
- IFRS 15 Revenue from Contracts with Customers – establishes a single comprehensive model for entities to use on the accounting for revenue arising from contracts with customers. It will supercede the current revenue recognition guidance including IAS18 Revenue. (Effective for annual periods beginning on or after 1 January 2018 with earlier adoption being permitted).
- IFRS 11 Accounting for Acquisitions of Interest in Joint Operations – provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations. (Effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 1 Presentation of Financial Statements – the amendments were a response to comments on the difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 had in some cases been read to prevent the use of judgement. (Effective for annual periods beginning on or after 1 January 2016).
- IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation - clarify that depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property plant and equipment and intangible assets, subject to exception in limited circumstances, on intangible assets. (Effective for annual periods beginning on or after 1 January 2016).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

- IAS 27 Equity Method in Separate Financial Statements – the amendments allow an entity to optionally account for investments in subsidiaries, joint ventures and associates in its separate financial statements, at cost; in accordance with IAS39 or IFRS9 and using the equity method. (Effective for annual periods beginning on or after 1 January 2016.
- IFRS 10, IFRS 12, and IAS 28 Investment Entities: Applying the Consolidation Exception – clarify issues that arose in the context of applying the consolidation exception for investment entities. (Effective for annual periods beginning on or after 1 January 2016).
- IFRS 16 Leases – addressed issues raised by users on the need to record operating lease assets and related depreciation and interest expense. Previously, the operating lease contracts were recorded off balance sheet, with the lease payments being straight-lined over the lease period. (Effective for annual periods beginning on or after 1 January 2019).
- Revision on Investment Entities: Applying the Consolidation Exception, IFRS 10, IFRS 12, and IAS28 clarifies specific issues raised by users in applying the consolidation exceptions (Effective for annual periods beginning on or after 1 January 2016).
- Revision on IAS 12 Income Taxes – clarifies issues to do with deferred tax arising from debt instruments measured at fair value for accounting at cost for tax purposes, estimates for future taxable losses and utilisation of future asset tax utilisation (Effective for annual periods beginning on or after 1 January 2017).

Annual Improvements 2012-2014 Cycle (Effective for annual periods beginning on or after 1 January 2016)

- IFRS 5 Non-Current Assets Held for Sale – Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
- IFRS 7 Financial Instruments Disclosure – Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
- IFRS 9 Financial Instruments – Clarify that the high quality corporate bonds used in estimating the discount rate for postemployment benefits should be denominated in the same currency as the benefits to be paid.
- IAS 34 Interim Financial Reporting – Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Implementation of the above standards is not expected to have a material impact on the Group financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 STATEMENT OF COMPLIANCE

The financial statements of the Company and 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 the Company and 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 FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 BASIS OF CONSOLIDATION

The consolidated financial statements consist of the financial statements of Delta Corporation Limited and subsidiaries controlled by the Group, together with an appropriate share of post acquisition results and reserves of its material associated companies. Control is achieved when the Group:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

All Group companies' financial years end on 31 March with the exception of three associates, Schweppes Zimbabwe Limited, which has a 31 December year end, AFDIS Holdings Limited which has a 30 June year end and Nampak Zimbabwe Limited, which has a 30 September year end. The results and reserves of subsidiaries and associated companies are included from the effective dates of acquisition up to the effective dates of disposal.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Where the cost of acquisition is below the fair values of the identifiable net assets acquired, the gain is credited to profit and loss in the period of acquisition.

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

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

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

An associate is an entity in which the Company has a long term interest and over which the Group has significant influence. 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, in which case it is accounted for in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations. 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

4.5 NON-CURRENT ASSETS HELD FOR SALE

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

When the Group is committed to a sale plan involving cessation of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

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

4.6 GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets 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.

Exchange differences on monetary assets and liabilities are recognised in profit and loss in the period in which they arise except for: exchange differences on foreign borrowings relating to assets under construction for future productive use are included in the cost of the assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

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. The Group's intangibles pertain to trademarks.

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 loans, trade receivables, 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 EMPLOYEE BENEFITS

Short term benefits and long term benefits

A liability is recognised for benefits accruing to employees in respect of wages, salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to paid in exchange for the service.

Liabilities in respect of short term benefits are measured at the undiscounted amount of the benefits expected to be in exchange for the related services.

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Other long-term employee benefits

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 EMPLOYEE BENEFITS (CONTINUED)

Long Service Awards
The Group recognises a liability and an expense for long service awards where cash is paid to employees at certain milestone dates in a career with the Group. Such accruals are appropriately discounted to reflect present values of the future payments.

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

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 assets and financial liabilities are recognised when a Group entity becomes party to the contractual provisions of the instrument. Financial instruments are initially recorded at fair value which usually approximates cost. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets
Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss" (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and loans) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Available for sale investments (AFS)
AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

AFS financial assets for which fair value can be reliably determined are stated at fair value with the change in value being credited or debited to other comprehensive income.

Unquoted investments and financial assets regarded as held for trading, but for which fair value cannot be reliably determined, are shown at cost unless the directors are of the opinion that there has been impairment in value, in which case provision is made and charged to profit or loss. The Group's investments are unquoted AFS investments measured at cost.

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 and payables, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 REVENUE RECOGNITION (CONTINUED)

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

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.

Restructurings

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 note17.4.

- Long Service Awards
  Included in provisions (note 20) is a liability for long service awards which are awarded to employees on reaching certain employment period milestones. The amount recognised is the present value of future cash flows adjusted for life expectancy, salary levels and probability of early contractual terminations. Management uses market and non-market information to come up with these estimates.

- 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.

- 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

- Fair value measurement an valuation processes for associates acquired
  On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment is recognised immediately in profit or loss. In estimating the fair value of an associate's asset or a liability, the Group uses market-observable data to the extent it is available. Where observable inputs are not available, the Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

4.21 DISCONTINUED OPERATION

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income (OCI) is re-presented as if the operation has been discontinued from the start of the comparative year.

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 FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

5. DEFINITIONS (CONTINUED)

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, 16% and 0, 51% for 2016 and 2015 respectively.

The weighted number of shares was:

	2016 Number of Shares in millions	2015 Number of Shares in millions
Ordinary shares	**1 234**	1 236
Share options	**2**	6
Fully diluted number of shares	**1 236**	1 242

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 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

The distinct operating segments for the Group are shown in the table below:

Reportable segments	Operations
Lager Beer division	Manufacture and distribution of lager beer (malt and sorghum based clear beers).
Sparkling Beverages division	Manufacture and distribution of carbonated soft drinks and alternative non-alcoholic beverages.
Sorghum Beer division	Manufacture and distribution of sorghum based opaque beer.

Other operations include barley and sorghum malting and provision of transport services, which are functional departments for the above mentioned divisions. None of these segments met the quantitative thresholds for reportable segments in 2016 or 2015.

There are varying levels of integration between the Lagers, Sparkling Beverages and Sorghum segments. This integration includes shared primary and secondary distribution services and facilities. The Group has a centralised treasury function.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

Information about reportable segments

Information related to each reportable segment is set out below. Segment operating income is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

Reportable segments

2016 US$ 000	Lager Beer	Sparkling Beverages	Sorghum Beer	Total reportable segments	All other segments	Total
External revenue	199 209	167 392	164 011	530 612	24 390	**555 002**
Inter-segment revenue	—	—	—	—	(16 804)	**(16 804)**
Segment revenue	199 209	167 392	164 011	530 612	7 586	**538 198**
Segment operating income	25 575	22 525	39 108	87 208	8 864	**96 072**
Segment net working capital*	10 265	11 142	24 216	45 623	164 064	**209 687**
Segment trade and other payables	(22 600)	(21 176)	(8 764)	(52 540)	(12 732)	**(65 272)**
Segment working capital assets	40 606	40 456	32 134	113 196	182 934	**296 130**
Segment fixed assets	133 587	106 565	61 853	302 005	43 327	**345 332**

Reportable segments

2015 US$ 000	Lager Beer	Sparkling Beverages	Sorghum Beer	Total reportable segments	All other segments	Total
External revenue	235 605	186 564	151 504	573 673	21 960	**595 633**
Inter-segment revenue	—	—	—	—	(19 081)	**(19 081)**
Segment revenue	235 605	186 564	151 504	573 673	2 879	**576 552**
Segment operating income	28 136	32 583	41 277	101 996	9 140	**111 136**
Segment net working capital*	8 615	10 277	15 144	34 036	156 122	**190 158**
Segment trade and other payables	(29 486)	(14 392)	(5 202)	(49 080)	(11 654)	**(60 734)**
Segment working capital assets	44 689	40 449	20 636	105 774	171 323	**277 097**
Segment fixed assets	141 026	109 613	50 180	300 819	40 280	**341 099**

* Net working capital comprises of cash and cash equivalents, receivables, payables excluding provision for tax and inventories.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4. Segment operating income represents segment income before allocation of central administration costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

No single customer contributed 10% or more to the Group's or individual segment's revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

7. SEGMENTAL REPORTING (CONTINUED)

Reconciliations of information on reportable segments to IFRS measures (continued)

	2016 US$ 000	2015 US$ 000
i) Revenue		
Total revenue for reportable segments	**530 612**	573 673
Revenue for other segments	**24 390**	21 960
Elimination of inter-segment revenue	**(16 804)**	(19 081)
Consolidated revenue	**538 198**	576 552
ii) Operating income		
Total operating income for reportable segments	**87 208**	101 996
Operating income for other segments	**8 864**	9 140
- Finance income	**11 621**	12 740
- Finance cost	**(5 726)**	(5 378)
- Share of profit of equity-accounted investees	**3 944**	3 265
Consolidated profit before tax from continuing operations	**105 911**	121 763
iii) Assets		
Total working capital assets for reportable segments	**113 196**	105 774
Working capital assets for other segments	**182 935**	171 323
Total property, plant and equipment for reportable segments	**302 005**	300 819
Property, plant and equipment for other segments	**43 327**	40 280
Equity-accounted investees	**42 122**	33 474
Other unallocated amounts	**12 653**	11 995
Consolidated total assets	**696 238**	663 665
iv) Liabilities		
Total trade and other payables for reportable segments	**52 540**	49 080
Trade and other payables for other segments	**12 732**	11 654
Borrowings	**65 000**	70 000
Provisions	**21 171**	26 205
Deferred tax liabilities	**48 833**	41 780
Other unallocated amounts	**8 063**	8 301
Consolidated total liabilities	**208 339**	207 020

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

8. REVENUE

	2016 US$ 000	2015 US$ 000
Gross sales	**632 938**	676 850
Less VAT and discounts	**(94 740)**	(100 298)
Revenue	**538 198**	576 552
Less excise duty and levies (Refer to note 9.1)	**(57 888)**	(73 152)
Net sales	**480 310**	503 400

All income has been derived from the sale of goods.

9. OPERATING INCOME

Operating income is arrived at after charging:-

9.1 NET OPERATING COSTS

	2016 US$ 000	2015 US$ 000
Raw materials and consumables used	**200 819**	199 791
Depreciation expense (note 9.2)	**32 856**	32 032
Staff costs	**84 360**	87 586
Excise duties and levies	**57 888**	73 152
Share option expenses	**1 797**	2 324
Repairs and maintenance	**19 421**	18 095
Container breakages	**6 072**	5 257
Selling and marketing expenses	**13 042**	12 356
Royalties and technical fees	**10 541**	11 344
Security cost	**5 582**	6 012
Administration and operating costs	**9 748**	17 467
Total	**442 126**	465 416

*Container breakages relate to containers that have come to the end of their useful life.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

9. OPERATING INCOME (CONTINUED)

9.2 DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

	2016 US$ 000	2015 US$ 000
Buildings	**1 774**	1 714
Plant and equipment	**20 457**	18 443
Vehicles	**3 617**	3 801
Containers (deferred container expenditure)	**7 008**	8 074
Total	**32 856**	32 032

9.3 AUDITORS' REMUNERATION

	2016 US$ 000	2015 US$ 000
Current year audit fees and expenses		
- Group	**355**	367
- Company	**45**	45
Total	**400**	412

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

	2016 US$ 000	2015 US$ 000
Lease payments:		
- Minimum lease payments	**1 447**	1 852

10.3 NET FUTURE OPERATING LEASE COMMITMENTS

	2016 US$ 000	2015 US$ 000
Lease payments:		
- Payable within one year	**906**	1 495
- Payable two to five years	**3 034**	3 790
	3 940	5 285

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

11. TAXATION

11.1 TAXATION

	2016 US$ 000	2015 US$ 000
Income tax:		
Current tax	**18 075**	21 118
Withholding tax	**694**	917
Deferred tax	**7 053**	7 774
	25 822	29 809

11.2 RECONCILIATION OF RATE OF TAXATION

	2016 %	2015 %
Standard rate	**25,75**	25,75
Adjusted for:		
Effect of expenses not deductible for tax	**0,49**	0,86
Effect of income not taxable in determining taxable profit:		
Effects of associate income	**(0,95)**	(0,69)
Other permanent differences	**(0,91)**	(1,44)
Effective rate	**24,38**	24,48

11.3 DEFERRED TAX LIABILITIES

	US$ 000	US$ 000
Balance at beginning of year		
Disposal of subsidiary	**41 780**	35 769
	—	(1 763)
Charge to profit or loss for continuing operations	**7 053**	7 774
Balance at end of year	**48 833**	41 780
Analysis of balance at end of year		
Property, plant and equipment	**47 682**	41 705
Other temporary differences	**1 151**	75
	48 833	41 780

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

12. PROPERTY, PLANT AND EQUIPMENT

	2016 US$ 000	2015 US$ 000
FREEHOLD PROPERTIES		
Cost	**114 620**	110 779
Accumulated depreciation	**(56 102)**	(54 364)
	58 518	56 415
PLANT AND EQUIPMENT		
Cost	**369 574**	329 789
Capital work in progress	**22 059**	32 376
	391 633	362 165
Accumulated depreciation	**(184 525)**	(165 315)
	207 108	196 850
VEHICLES		
Cost	**51 633**	56 697
Accumulated depreciation	**(30 514)**	(33 396)
	21 119	23 301
CONTAINERS		
Containers on hand	**41 904**	43 243
Containers in the market	**16 683**	21 290
	58 587	64 533
Total property, plant and equipment	**345 332**	341 099

	2016 US$ 000	2015 US$ 000
Movement in net book amount for the year:		
At the beginning of the year	**341 099**	353 209
Disposal of subsidiary	**—**	(12 720)
Capital expenditure – continuing operations	**44 271**	41 529
Capital expenditure – discontinued operations	**—**	925
Disposals	**(1 076)**	(640)
Decrease in containers in the market	**(6 106)**	(7 959)
Depreciation for continuing operations	**(32 856)**	(32 032)
Depreciation for discontinued operations	**—**	(1 213)
At end of the year	**345 332**	341 099

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2016 US$ 000	2015 US$ 000
Capital expenditure comprised:		
Freehold properties	**—**	282
Plant and equipment	**35 596**	33 201
Vehicles	**2 369**	1 368
Containers	**6 306**	6 678
	44 271	41 529
Disposals comprised:		
Plant and equipment	**63**	41
Vehicles	**1 013**	599
	1 076	640

13. INVESTMENTS IN ASSOCIATES

	2016 US$ 000	2015 US$ 000
Shares at cost	**20 093**	14 721
Post acquisition reserves	**22 029**	18 753
	42 122	33 474

Analysis of results and statement of financial position of associates.

	2016 US$ 000	2015 US$ 000
AFDIS Holdings Limited (38,14%) (2015: 31,28%)		
Shares at cost	**10 493**	5 121
Group's share of post-acquisition profits	**1 134**	387
Dividend received from associate	**(873)**	(450)
	10 754	5 058
Total assets	**21 479**	21 830
Total liabilities	**(5 564)**	(7 731)
Net assets	**15 915**	14 099
Group's share of net assets of associate	**6 070**	4 410
Total revenue	**34 322**	36 818
Total profit for the year	**1 958**	2 644
Group's share of profit of associate	**747**	823

The market 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$19,8 million (2015: US$16,2 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

13. INVESTMENTS IN ASSOCIATES (CONTINUED)

	2016 US$ 000	2015 US$ 000
Schweppes Holdings Africa (49%) (2015: 49%)		
Shares at cost	**530**	530
Gain arising on acquisition	**9 278**	9 278
Group's share of post-acquisition distributable reserves	**11 885**	9 481
Dividend received from associate	**(245)**	—
	21 448	19 289
Total assets	**78 318**	77 914
Total liabilities	**(47 033)**	(50 926)
Net assets	**31 285**	26 988
Group's share of net assets of associate	**15 330**	13 224
Total revenue	**94 901**	97 316
Total profit for the year	**4 905**	4 867
Group's share of profits of associate	**2 404**	2 385

	2016 US$ 000	2015 US$ 000
Nampak Zimbabwe Limited (21.46%) (2015: 21.46 %)		
Shares at cost	**9 070**	9 070
Group's share of post- acquisition distributable reserves	**850**	57
	9 920	9 127
Total assets	**96 923**	85 912
Total liabilities	**(38 018)**	(33 080)
Net assets	**58 905**	52 832
Group's share of net assets of associate	**12 641**	11 338
Total revenue for the year	**47 664**	45 707
Total profit for the year	**3 695**	267
Group's share of profits of associate	**793**	57

The market value of the Group's interest in Nampak Zimbabwe Limited which is listed on the stock exchange in Zimbabwe was US$2,4 million (2015: US$7,7 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

14. INVESTMENTS, LOANS AND TRADEMARKS

	2016 US$ 000	2015 US$ 000
14.1 INVESTMENTS		
Unlisted - at cost	**110**	110
14.2 LOANS		
Secured-Related Parties	**9 630**	8 971
Total loans and investments	**9 740**	9 081
14.3 TRADEMARKS		
At cost	**2 914**	2 914

14.4 Included in the Group's secured loans of US$9,6 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$6,0million (2015: US$6,1million). During the year, US$0,160 million was advanced and US$0,216 million 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 are in line with the employees' contracts of employment and attract variable interest rates of up to 16% per annum depending on the nature of the loan. The interest rates are reviewed periodically by the Remuneration Committee. None of the loans were past due or impaired at the end of the reporting period.

The Group holds trademarks for the manufacture of various beverages and for corporate brands. The trademarks are assessed for impairment on an annual basis. No impairment has been recognised in the current year.

15. INVENTORIES

	2016 US$ 000	2015 US$ 000
Consumable stores	**26 116**	24 168
Finished products	**18 701**	15 944
Raw materials	**39 110**	55 740
Work in progress	**2 504**	2 410
Total	**86 431**	98 262

The cost of inventories recognised as an expense during the year was US$157 million (2015: US$200 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

16. TRADE AND OTHER RECEIVABLES

	2016 US$ 000	2015 US$ 000
Trade receivables	**35 786**	34 457
Other receivables	**9 829**	12 772
Allowances for credit losses	**(3 876)**	(4 223)
Total	**41 739**	43 006

The Group holds collateral on some receivable balances. The estimated value of this collateral is US$13 million (2015: US$13,1 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 21 (2015:19).

The Group has recognised an allowance for doubtful debts of US$3,9 million (2015: US$4,2 million) based on the historical past default performance of the counter party and the analysis of the counter party's financial position.

Before accepting any new customer the Group uses a credit scoring system to assess the potential customer's credit quality and define the credit limits by customer. Limits and customer performance are reviewed regularly. During the year 80% of receivables were neither past due nor impaired.

Trade receivables disclosed above include amounts (see below for age analysis) that are past due but at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	2016 US$ 000	2015 US$ 000
Ageing of past due but not impaired		
60-90 days	**279**	1 606
Over 90 days	**3 933**	2 403
Movement in the allowance of doubtful debts		
Balance at the beginning of the year	**4 223**	3 931
Impairment losses recognised on receivables	**2 652**	135
Amounts written off during the year as uncollectable	**(2 950)**	175
Amounts recovered during the year	**(49)**	(18)
Balance at the end of the period	**3 876**	4 223

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the end of the reporting period. The concentration risk is limited due to the fact that the customer base is large and unrelated.

	2016 US$ 000	2015 US$ 000
Ageing of impaired trade receivables		
Over 90 days	**3 876**	4 223
Total	**3 876**	4 223

NOTES TO THE 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

	2016 Number of shares in millions	2015 Number of shares in millions
At beginning of year	**1 237**	1 234
Exercise of share options	**2**	5
Share buy back	**(7)**	(2)
At end of year	**1 231**	1 237

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 155 686 025 (2015 –157 431 325) 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 numbers of share options are limited in line with the Zimbabwe Stock Exchange (ZSE) regulations.

Details of the number of shares under option outstanding during the year are as follows

Date of Grant	Date of expiry	Subscription Prices US$	Number of Shares 2016 '000	Number of Shares 2015 '000
1 March 2009	1 March 2019	0,150	**520**	520
8 May 2009	8 May 2019	0,150	**165**	165
2 January 2010	2 January 2020	0,505	**56**	56
3 January 2011	3 January 2021	0,636	**1 121**	1 211
3 November 2011	3 November 2021	0,746	**3 036**	3 380
2 August 2012	2 August 2022	0,680	**7 945**	9 256
1 June 2013	1 June 2023	1,450	**5 195**	5 195
1 June 2014	1 June 2024	1,148	**6 255**	6 255
Total options			**24 293**	26 038
12 February 2016	13 February 2026	0,525	**7 616**	—
Total Share Incentives			**31 909**	26 038

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH

17. SHARE CAPITAL (CONTINUED)

17.4 SHARES UNDER OPTION (CONTINUED)

	2016 US$ 000	2015 US$ 000
Movements in share options during the period:		
Number outstanding at beginning of year	**26 038**	24 619
New options/SARS granted during year	**7 616**	6 255
Exercised during year	**(1 745)**	(4 836)
Outstanding at end of year	**31 909**	26 038

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$0,69 (2015: US$0,71) and US$0,94 (2015: US$1,09) respectively. No shares were forfeited in 2016.

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 2014. The estimated fair value of the options granted on this date was US$2,6 million. The options granted mature after three years and, accordingly, the fair value will be amortised over that period. The Group recognised total expenses of US$1,8 million (2015: US$2,3 million) in respect of share options in issue.

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	FEBRUARY 2016	JUNE 2014
Grant date share price – US$	**0,525**	1,173
Exercise price per share – US$	**0,525**	1,148
Expected volatility	**25%**	31,9%
Dividend yield	**2.5%**	2%
Risk-free interest rate	**4%**	5%

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 FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH

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 2016 was US$6,1 million – 7 317 320 shares, (2015: US$2, 6 million – 2 381 184 shares). The Company held a total of 13 376 978 of its own shares as treasury stock.

18. DIRECTORS' SHAREHOLDINGS

In both current and prior year, the Directors held directly and indirectly the following number of shares in the Company:

	2016	2015
M J Bowman	**33 481**	—
C C Jinya	**4 431**	—
H C Sadza	**764**	764
M M Valela	**4 066 250**	3 663 359
	4 104 926	3 664 123

No changes in Directors' shareholdings have occurred between the financial year end and 9 May 2016, being the date of the last meeting of the directors.

19. BORROWINGS

	2016 US$ 000	2015 US$ 000
19.1 Long-term borrowings-Amortised cost		
Long-term borrowings	**65 000**	70 000

Long-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$487,8 million.

The outstanding balances are repayable within thirty-six months.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

20. TRADE, OTHER PAYABLES AND PROVISIONS

	2016 US$ 000	2015 US$ 000
20.1 TRADE AND OTHER PAYABLES		
Trade payables	**11 063**	21 526
Accruals and other payables	**54 209**	39 208
	65 272	60 734
20.2 PROVISIONS		
Employee benefits*	**4 488**	4 915
Containers in the market**	**16 683**	21 290
Total	**21 171**	26 205

	Employee benefits	Containers in the market
Balance at beginning of year	**4 915**	21 290
Additional provision recognised	**(427)**	—
Container market absorption	**—**	(4 607)
At end of year	**4 488**	16 683

* The provision for employee benefits represents annual leave entitlements and long service awards accrued.

** Containers in the market is the estimated value of the returnable containers population in the market and the Group's obligation to re-purchase these containers for re-use. Refer to note 4.9 for further details.

21. CASH FLOW INFORMATION - CONTINUING OPERATIONS

21.1 CASH GENERATED FROM OPERATING ACTIVITIES

	2016 US$ 000	2015 US$ 000
Operating income	**96 072**	111 136
Depreciation	**32 856**	32 032
Loss on disposal of property, plant and equipment	**868**	255
Share option expense	**1 797**	2 324
Other non cash items	**6 106**	7 600
	137 699	153 347

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

21. CASH FLOW INFORMATION - CONTINUING OPERATIONS (CONTINUED)

	2016 US$ 000	2015 US$ 000
21.2 INCREASE/ DECREASE IN WORKING CAPITAL		
Decrease /(increase) in inventories	**11 831**	(3 797)
Decrease /(increase) in receivables and other assets	**1 541**	(6 954)
Decrease in obligation for containers in the market	**(4 607)**	(3 065)
Increase/(decrease) in trade and other payables	**4 111**	(510)
	12 876	(14 326)
21.3 INCOME TAXATION PAID		
Liability at beginning of year	**(8 301)**	(2 766)
Current and withholding tax (Ref note 11)	**(18 769)**	(22 035)
Disposal of subsidiary	**—**	(108)
Prior year tax penalties reversed	**—**	783
Liability at end of year	**8 063**	8 301
	(19 007)	(15 825)
21.4 DIVIDEND PAID		
By the company:		
Proposed dividend at the beginning of year	**(28 440)**	(27 772)
Current year dividends	**(57 917)**	(45 121)
Proposed dividend at end of year	**40 621**	28 440
	(45 736)	(44 453)
21.5 MOVEMENTS IN LONG TERM BORROWINGS		
Liability at beginning of year	**70 000**	—
Transfer from short-term loan	**—**	70 000
Amounts paid	**(5 000)**	—
Balance at end of year	**65 000**	70 000
21.6 MOVEMENTS IN SHORT TERM BORROWINGS		
Liability at beginning of year	**—**	71 293
Disposal of subsidiary – MegaPak (Private) Limited	**—**	(3 267)
Amounts paid	**—**	(68 026)
Balance at end of year	**—**	—
21.7 INCREASE IN SHAREHOLDER FUNDING		
Proceeds of shares issued:		
By the Company – share options exercised	**1 205**	3 399
	1 205	3 399
21.8 CASH AND CASH EQUIVALENTS		
Made up as follows:		
Bank balances and cash	**166 016**	133 611
	166 016	133 611

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

22. DIVIDENDS

	2016 US Cents	2015 US Cents	2016 US$ 000	2015 US$ 000
Interim	**1,40**	1,35	**17 296**	16 681
Special – proposed	**0,95**	—	**11 694**	—
Final – proposed	**2,35**	2,30	**28 927**	28 440
	4,70	3,65	**57 917**	45 121

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 95 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.

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
2016					
SABMiller Companies	33 806	**10 541**	—	**—**	(5 745)
Associates	20 926	**—**	—	**146**	(315)
Delta Pension Fund	—	**—**	290	**—**	—
	54 732	**10 541**	290	**146**	(6 060)
2015					
SABMiller Companies	45 670	**11 344**	—	**—**	(8 983)
Associates	10 131	**—**	—	**—**	(2 208)
Delta Pension Fund	—	**—**	290	**2 216**	—
	55 801	**11 344**	290	**2 216**	(11 191)

During the course of the year Dube Manikai and Hwacha a law firm in which the Group Chairman is a partner, provided legal services to the Group amounting to US$0.122 million (2015: US$0,1 million)

Transactions with related party are carried out at arm's length. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

22. DIVIDENDS (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:

	2016 US$ 000	2015 US$ 000
Short-term benefits	**3 314**	3 594
Post-employment benefits	**486**	502
Share based payments	**1 213**	1 538
	5 013	5 634
Included in the above amounts are the following in respect of directors' emoluments:		
Paid by subsidiaries:		
For services as directors	**167**	147
For managerial services	**1 413**	1 647
	1 580	1 794

23.4 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name	Country of Incorporation	Principal activity	Effective Interest 2016	Effective Interest 2015
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%
Polycon Converters (Private) Limited	Zimbabwe	Dormant	100%	100%
Matchwell Investments (Private) Limited	Zimbabwe	Dormant	100%	100%
Headend (Private) Limited	Zimbabwe	Dormant	92%	92%
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%	31%
Mandel Training Centre	Zimbabwe	Training	26%	26%
Nampak Zimbabwe Limited	Zimbabwe	Plastics & Paper Manufacture	21%	21%
PetrecoZim (Private) Limited	Zimbabwe	Plastics Recycling	15%	15%

Food & Industrial is a starch distribution entity and the investment was written off in prior years. The Group does not have significant influence over the investee as they do not participate in the policy making process. The investment has been considered immaterial.

PetrecoZim is a PET plastic recycling entity which the Group invested in as part of the post-consumer waste management initiative in line with its sustainable development framework. The Group does not expect to derive any future economic benefits from this investment and does not wield significant influence and as such all contributions towards the investment have been written off and are considered immaterial to the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

24. COMMITMENTS FOR CAPITAL EXPENDITURE

	2016 US$ 000	2015 US$ 000
Contracts and orders placed	**19 623**	12 570
Authorised by directors but not contracted	**27 283**	32 430
	46 906	45 000

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 the Delta Beverages 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$700 per month for each employee.

	2016 US$ 000	2015 US$ 000
25.3 PENSION COSTS RECOGNISED AS AN EXPENSE FOR THE YEAR		
Defined contribution funds	**4 409**	4 791
National Social Security Authority Scheme	**964**	1 263
	5 373	6 054

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.

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NOTES TO THE 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	
	US$ 000 2016	US$ 000 2015	US$ 000 2016	US$ 000 2015	S$ 000 2016	US$ 000 2015
Euro	**(610)**	(239)	**667**	3 735	**57**	(3 495)
Rand	**(2 976)**	(37 915)	**1 159**	17 970	**1 818**	(19 945)

The following table details the Group's sensitivity to a 10% and 22% increase in the United States Dollar against the Euro and South African Rand respectively. The 22% and 10% 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 or weakens in a favourable manner against the net exposure.

	Euro Impact		Rand Impact	
	US$ 000 2016	US$ 000 2015	US$ 000 2016	US$ 000 2015
Profit/ (Loss)	**(6)**	(524)	**400**	4 388

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

26.4 LIQUIDITY RISK MANAGEMENT (CONTINUED)

Liquidity and Interest rate tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods 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 %	0-2 months US$ 000	2-12 months US$ 000	12-36 months US$ 000	Total US$ 000
31 March 2016					
Fixed interest rate instruments	7,5	—	—	65 000	**65 000**
Trade and other payables	—	65 272	—	—	**65 272**
		65 272	—	65 000	**130 272**
31 March 2015					
Fixed interest rate instruments	7,5	—	—	70 000	**70 000**
Trade and other payables	—	60 734	—	—	**60 734**
		60 734	—	70 000	**130 734**

The Group has access to financing facilities of which US$15 million were unused at the end of the reporting period. The Group expects to meet its other obligations from operating cash flows.

	2016 US$ 000	2015 US$ 000
FINANCING FACILITIES		
Unsecured bank loan facility with various maturity dates through to November 2017 and of which:		
Total available	**80 000**	80 000
Amount used	**(65 000)**	(70 000)
Amount unused	**15 000**	10 000

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

NOTES TO THE 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 CATEGORIES OF FINANCIAL INSTRUMENTS

	2016 US$ 000	2015 US$ 000
Financial assets		
Cash and bank balances	**166 016**	133 611
Trade receivables	**35 786**	30 234
Loans	**9 630**	8 971
Available-for-sale financial assets	**110**	110
Financial liabilities		
Amortised cost:		
Borrowings	**65 000**	70 000
Trade and other payables	**65 272**	60 734

26.8 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising 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 13,32 % in current year (2015: 15,32 %).

26.9 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

	2016 US$ 000	2015 US$ 000
REVENUE		
Dividend and other income	**58 729**	45 902
Administrative expenses	**(389)**	(331)
Profit before tax	**58 340**	45 571
Taxation	**—**	—
PROFIT FOR THE YEAR	**58 340**	45 571
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**58 340**	45 571

Income relates to dividends and management fees received from the subsidiary, Delta Beverages (Private) Limited, and dividend received from AFDIS Holdings Limited, an associate of the Company. Both entities are related parties.

Administrative expenses relate to expenditure paid for by Delta Beverages (Private) Limited and charged to the Company as management fees.

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COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 MARCH

	Notes	2016 US$ 000	2015 US$ 000
ASSETS			
Non-current Assets			
Investments in associated companies	13, E	**19 563**	14 191
Interest in subsidiaries	A	**87**	87
		19 650	14 278
Current Assets			
Loans to subsidiaries	B	**64 620**	56 976
Trade and other receivables	C	**41 398**	44 409
		106 018	101 385
Total Assets		**125 668**	115 663
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		**12 310**	12 366
Share premium		**33 074**	32 234
Share option reserve		**5 985**	4 531
Retained earnings		**72 854**	65 587
Total Equity		**124 223**	114 718
Current Liabilities			
Trade and other payables	D	**1 445**	945
Total Equity and Liabilities		**125 668**	115 663

The financial statements were approved by the Board and authorised for issue on 9 May 2016.

A. INTEREST IN SUBSIDIARIES
Details of all subsidiaries are provided in the Group structure included on note 23.4. This is an interest in Delta Beverages (Private) Limited recognised at cost.

B. LOANS TO SUBSIDIARIES
Loans to subsidiaries relate to loans issued to Delta Beverages (Private) Limited. The loans do not have fixed repayment dates and have nil interest. There are no amounts that are past due or impaired.

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. There are no amounts that are past due or impaired.

D. TRADE AND OTHER PAYABLES
Outstanding dividends are those which have been declared but not collected by the shareholders from the share transfer secretaries.

E. ASSOCIATED COMPANIES
Associated companies relate to investment in Afdis Holdings Limited and Nampak Zimbabwe Limited disclosed in note 13. These are recognised at cost.

F. ACCOUNTING POLICIES
The Company financial statements have been prepared in accordance with the policies detailed in notes 1 to 4 of this Annual Report.

COMPANY 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	Total equity US$ 000
At 1 April 2014		12 342	28 982	3 527	65 664	**110 515**
Profit for the year		—	—	—	45 571	**45 571**
Other Comprehensive income for the year, net of tax		—	—	—	—	**—**
Total Comprehensive Income for the year		—	—	—	45 571	**45 571**
Transactions with owners:						
Share options exercised		48	3 351	—	—	**3 399**
Share buy back	17.5	(24)	(99)	—	(2 515)	**(2 638)**
Transfer from share options reserves		—	—	(1 320)	1 320	**—**
Recognition of share based payments		—	—	2 324	—	**2 324**
Payment of dividends	21.4	—	—	—	(44 453)	**(44 453)**
At 1 April 2015		12 366	32 234	4 531	65 587	**114 718**
Profit for the year		—	—	—	58 340	**58 340**
Other comprehensive income for the year, net of tax		—	—	—	—	**—**
Total Comprehensive Income for the year		—	—	—	58 340	**58 340**
Transactions with owners:						
Share options exercised		17	1 188	—	—	**1 205**
Share buy back	17.5	(73)	(348)	—	(5 680)	**(6 101)**
Transfer from share options reserves		—	—	(343)	343	**—**
Recognition of share based payments		—	—	1 797	—	**1 797**
Payment of dividends	21.4	—	—	—	(45 736)	**(45 736)**
At 31 March 2016		12 310	33 074	5 985	72 854	**124 223**

COMPANY STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH

	2016 US$ 000	2015 US$ 000
Cash flow from operating activities		
Profit before tax	**58 340**	45 571
Less dividends to be included as investing activities	**(58 340)**	(45 571)
Cash generated from trading	**—**	—
Increase in working capital	**(2 336)**	(360)
Cash generated from operating activities	**(2 336)**	(360)
Net cash flow utilised in operating activities	**(2 336)**	(360)
Cash flow from investing activities		
Dividend received from associate	**423**	450
Purchase of shares in associate	**(5 372)**	(212)
Dividend received from subsidiary	**57 917**	43 814
Net cash from investing activities	**52 968**	44 052
Cash flow from financing activities		
Dividend paid	**(45 736)**	(44 453)
Increase in shareholder funding	**1 205**	3 399
Share buy back	**(6 101)**	(2 638)
Net cash utilised in financing activities	**(50 632)**	(43 692)
Net increase in cash and cash equivalents	**—**	—
Cash and cash equivalents at beginning of the year	**—**	—
Cash and cash equivalents at end of the year	**—**	—

All cash payments are made through Delta Beverages (Private) Limited a wholly owned subsidiary.

GROUP STATISTICS

FOR THE YEAR ENDED 31 MARCH

	2016	2015
SHARE PERFORMANCE		
PER SHARE (US cents)		
Attributable earnings	**6,49**	7,44
Diluted earnings	**6,48**	7,40
Cash equivalent earnings	**9,53**	10,13
Dividends	**4,70**	3,65
Cash flow	**12,20**	11,25
Net asset value	**39,53**	36,96
Closing market price (US cents)	**56,50**	105
ZSE industrial index	**97,61**	158
SHARE INFORMATION		
In issue (m's)	**1 244**	1 243
Market capitalisation (US$000's)	**699 927**	1 304 697
Trading volume (m's)	**78**	85
Trading percentage (%)	**6,27**	6,84
RATIOS AND RETURNS		
PROFITABILITY		
Return on equity (%)	**16,41**	20,14
Income after taxation to total capital employed (%)	**16,41**	20,32
Pretax return on total assets (%)	**15,21**	18,35
SOLVENCY		
Long term debt to total Shareholders' funds (%)	**13,32**	15,33
Interest cover (times)	**17**	21
Total liabilities to total Shareholders' funds (%)	**42,70**	45,33
LIQUIDITY		
Current assets to interest free liabilities & short-term borrowings	**3,13**	2,91
PRODUCTIVITY		
Turnover per employee ($000's)	**115**	118
Turnover to payroll (times)	**6,25**	6,41
OTHER		
Number of shareholders	**6 421**	6 594

SUSTAINABLE DEVELOPMENT REPORT

We value the accountability of our people, teamwork, our local communities, our customers and our reputation.

And this means that together we can PROSPER, creating a thriving, sociable, resilient, cleaner, and productive world.

Our Group is a multi-beverage business with focus on the beer and soft drinks. We do business in a way that improves livelihoods and helps build communities. We do this by delivering to our consumers refreshing and enjoyable high quality products. 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 US$632 million of economic value as measured in terms of sales billings. We distributed this value to employees, shareholders and investors, lenders, 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 know that many communities in which we operate across the country face big challenges in their environments and societies, which we share with them. We know that when they prosper, so do we.

We draw learnings from The Coca-Cola Company's sustainability framework that is known as **"Me, We, World"**. This program's focus goals are in the areas of personal well-being; women's economic empowerment; sustainable management of water, energy, and packaging use; as well as sustainable sourcing of agricultural ingredients.

MEASURING OUR PERFORMANCE

Deriving from our association with SABMiller, we participate in a rigorous and transparent management system used for collecting, measuring, monitoring, and presenting the Company's performance using a bespoke Sustainability Assessment Matrix (SAM). 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 SABMiller Group's reporting is subject to third party assurance and is in accordance with the Global Reporting Initiative guidelines in addition to the other frameworks under the United Nations Global Compact and Sustainable Development Goals.

FIVE SHARED IMPERATIVES

The international community has defined a new set of sustainable development goals which recognise the role of the private sector in addressing the various challenges to growth and prosperity of communities. The substance of our sustainable development framework derives from the realisation 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. The Prosper initiative has identified those issues that are most material for our business. These are our five ***shared imperatives***; they are imperatives because they are critical to our future success and are ***"shared"*** because we do not face these challenges on our own. By sharing our local knowledge and collaborating through innovative partnerships with suppliers, customers, government and other stakeholders we can continue to find solutions to these shared challenges.

OUR FIVE SHARED IMPERATIVES TACKLE THE FIVE MOST MATERIAL ISSUES FOR OUR BUSINESS.

A THRIVING WORLD WHERE INCOMES AND QUALITY OF LIFE ARE GROWING

We will accelerate growth and social development through our value chains.

A SOCIABLE WORLD WHERE OUR BEERS ARE DEVELOPED, MARKETED, SOLD AND CONSUMED WITH HIGH REGARD FOR INDIVIDUAL AND COMMUNITY WELL-BEING

We will make beer the natural choice for the moderate and responsible drinker.

A RESILIENT WORLD WHERE OUR BUSINESSES, LOCAL COMMUNITIES AND ECOSYSTEMS SHARE UNINTERRUPTED ACCESS TO SAFE, CLEAN WATER

We will secure shared water resources for the future.

A CLEAN WORLD WHERE NOTHING GOES TO WASTE AND EMISSIONS ARE DRAMATICALLY LOWER

We will create value through reducing waste and carbon emissions.

A PRODUCTIVE WORLD WHERE LAND IS USED RESPONSIBLY, FOOD SUPPLY IS SECURE, BIODIVERSITY IS PROTECTED AND OUR CROPS CAN BE ACCESSED AT REASONABLE PRICES

We will support responsible, sustainable use of land for our crops.

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

1. A THRIVING WORLD

We want a thriving world where incomes and quality of life are growing.

In the communities we are part of, people – especially women – face the challenges of unemployment, lack of access to markets, the need for skills, and sometimes basic services. The decisions we make can help shape their opportunities and enable their growth and development.

SHARED IMPERATIVE

We will accelerate growth and social development through our value chains.

Delta Corporation is a truly Zimbabwean company with its foundation routed in the local communities, with a history dating back to 1898 when the brewery was established in Cameron street in Harare. The Group is a significant contributor to the Zimbabwean economy through providing over 4 800 jobs directly in the business, and indirectly providing support and livelihood to our partners both upstream and downstream through our supply chain, distribution and retailing of our beverages. The multiplier effects of our operations permeate through various facets of the Zimbabwean economy, thereby creating wealth and improving the welfare of the communities in which we work. We surmise that for every one person employed in our business the job supports a further ten to fifteen jobs in other sectors.

We may have regressed in our quest to create new jobs as a consequence of the shrinkage in the size of the business but we remained focused on promoting gender diversity. Through our policies on recruitment, or in cases of job losses, we strive to increase or retain the number of women particularly in senior grades. As our share of the 5 by 20 Coca-Cola program to empower five million women by year 2020 worldwide, we plan to recruit and train over 5 000 women as part of the upgrading of the informal market traders and small to medium enterprises.

The female managerial employees of the Coca-Cola system in Zimbabwe launched the local chapter of The **Coca-Cola Women's Business Resource Group, Women's Linc**, which is focused on engaging, inspiring and developing the women of The Coca-Cola Company to drive total business performance and establish a strong reputation as a great place to work for women. The WLinc Zimbabwe Chapter started work on their 1st community outreach program with Harare Children's Home (an orphanage run by Wesleyan Methodist Church which looks after abandoned/ orphaned children). The institution which was started after WWII has a total of 80 children under its care.

DIRECT ECONOMIC VALUE GENERATED	ECONOMIC VALUE DISTRIBUTED					ECONOMIC VALUE RETAINED
Gross Revenue plus interest received	Operating costs (cost of materials, services and facilities)	Employee Remuneration	Payments to providers of capital	Payment to tax authorities (excise, direct and indirect taxes)	Community Investments	Value retained for operational purposes, and future capital expenditure
US$644,6m	US$357,1m	US$86,2m	US$51,5m	US$155,5m	US$0,2m	US$91,7m

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

Unleashing the entrepreneurial potential of women is one of the most powerful and enduring ways to help families and communities prosper. It is also an important way to help make our business more sustainable. Our investments in the success of women fuel our own success and the success of communities in our country.

We are a significant contributor to fiscal revenues. The main operating subsidiary all but scooped all the top awards under the 2015 Zimra Taxpayers awards:

HIGHEST COMPLIANT CONTRIBUTORS - OVERALL
Highest Compliant Contributor (Customs) - Delta Beverages
Highest Compliant Contributor (Domestic Taxes) - Delta Beverages
Highest Compliant Contributor (Overall) - Delta Beverages

FIRST PRIZE WINNERS (COMPLIANT CONTRIBUTORS)
Large Clients – VAT – Delta Beverages
Large Clients – PAYE – Delta Beverages
Large Clients – Income Tax – Delta Beverages
Customs Duty – Beitbridge – Delta Beverages
Excise Duty – National - Delta Beverages

HIGHEST COMPLIANT CONTRIBUTORS PER REGION
Region 2 – Delta Beverages
Beitbridge – Delta Beverages

We continue to challenge ourselves on how we can scale up our enterprise development programs in order to grow their businesses and contribute to a *thriving world* where incomes and quality of life are growing. The Zimbabwean economy has been regressing hence the Group's efforts may not be transparent to most of our stakeholders. These programs cover our longstanding contract farming which targets small holder farmers, the retailer development and other focused supplier empowerment initiatives.

The Company responds to disasters, provide humanitarian relief as well as ad-hoc requests for donations. Where we can, we support worthy causes. We deliver this via direct funding from the Company or through resources and time executed by our employees in order to deliver positive change in the communities where we operate. These programs are guided by the Group's Ethics and donations policies. All projects should be closely aligned with our strategy and business imperatives and therefore exclude donations to certain areas such as:

- Political and religious organisations particularly projects that are designed to facilitate the spread of their ideologies and beliefs
- Individuals, commercial or profit-making businesses or organisations
- Publications, exhibitions, marketing campaigns and general research
- Sports sponsorships and music festivals except for the brand led properties

The Company continues to support the construction of learning facilities at Primary schools in marginalized areas. This initiative includes construction of model classroom blocks, supply of furniture and other amenities. Communities are encouraged to participate by contributing their labour to mould bricks and supply water during construction in order to instil a sense of ownership which is important for maintaining the facilities.

The Company runs a bursary scheme to support gifted but under-privileged students to enrol for A level and university studies, with a current enrolment of 85 learners. The alumni from this scheme have been enlisted to become mentors under a Peer-to-Peer Mentorship Programme. This is a platform for former bursary beneficiaries to encourage current beneficiaries to excel in their endeavours.

Our involvement in the Sports and Arts has continued with sponsorships of festivals such as HIFA, Jikinya Dance festival, INTWASA, Chibuku Neshamwari Traditional Dance festival and the Danhiko Paralympics games. We also remain the title sponsor of the country's premier sports awards ANSA, and a number of sector awards for journalists, and the traffic safety awards. We continue to support various charitable institutions and other deserving institutions.

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

2. A SOCIABLE WORLD

We want a sociable world where our beers are developed, marketed, sold and consumed responsibly.

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. We must boldly do our part to help tackle problems caused by the harmful use of alcohol. There is no simple solution to addressing alcohol related harm, nor can the issue be resolved by a single company acting alone. The industry and key stakeholders can work towards making a difference; making sure the information about alcohol is accurate and balanced, implimenting initiatives that combat drinking and driving, underage drinking and disorderly conduct and that help is offered to people that are at risk.

SHARED IMPERATIVE

We will endeavor to make beer the natural choice for the moderate and responsible drinker.

Our comprehensive policies help our employees and partners to meet our demanding standards on producing our products to encourage responsible consumption. Our sound principles are backed by programs to reduce the harmful use of alcohol.

We believe that our policies on employee behaviour, commercial communication, product labelling and the company-wide education programs reinforce high levels of conduct in relation to alcohol consumption. The key programs during the year included:

OUR 6 CORE PRINCIPLES

1. Our beer adds to the enjoyment of life for the overwhelming majority of our consumers.
2. We care about the harmful effects of irresponsible consumption.
3. Alcoholic drinks are for adults, and consumption is a matter of individual judgement and accountability.
4. Information provided to consumers about alcohol consumption should be accurate and balanced.
5. We engage stakeholders and work with them to address irresponsible consumption.
6. We expect our employees to aspire to high levels of conduct in relation to alcohol consumption.

- Training employees in the Alcohol Intelligence Quotient (AIQ) and the Alcohol Behaviour & Communication (AB&C) Programs. Over 50% of our employees have participated in alcohol responsibility training within the past three years and all our marketing agencies joined training on responsible marketing practices.
- Subjecting all marketing material to review by the compliance committee which has an external and independent chairman.
- Introduction of the responsible drinking icons on adverts and beer labels.
- Enhancing associations with other partners such as Zimbabwe Alcoholic Beverages Manufacturers Association (ZABMA), Zimbabwe Traffic Safety Board and ZIMPACT to discourage drinking and driving and under age consumption.
- Placing age gates on all websites that link to information on alcoholic products and reference to the website www.talkingalcohol.com.
- Support of responsible retail practices through an industry leading retailer training and engagement program, targeting to reach our more than 6 000 bottle stores, taverns and other beer retail channel partners. We work collaboratively with local authorities and the Liquor Licensing Board in upgrading and licensing of liquor outlets.
- Encourage and support the establishment and enforcement of clear standards of beer retail in the on and off premises trade. We continue to provide input into the development of a national alcohol policy that provide guidance on retail infrastructure, operating hours, advertising windows on various media etc.

In addition to the initiatives on alcoholic beverages we also have specific programs that relate to our sparkling and nutritious beverages. Our longstanding commitment to consumers' well-being begins with ensuring that each and every beverage we deliver is safe, delicious and refreshing. Further, we work to inspire consumers to pursue happier, healthier lives—and provide opportunities to do so—through the wide variety of products we offer, our transparent labeling practices, our responsible marketing practices and the many physical activity programs we support around Zimbabwe.

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

3. A RESILIENT WORLD

SHARED OPPORTUNITY

Working towards a resilient world where our business, local communities and ecosystems share uninterrupted access to safe, clean water.

Water is fundamental not only to the Company's value chain, but to the health and success of the markets and communities in which we operate and sell our products. Water is the main ingredient in our beverages, central to our manufacturing process, and necessary for growing the agricultural products on which we rely. We need to play our part to ensure a reliable, clean supply of water that is managed and used as efficiently as possible. We take note of the impact of climate change and high incidences of droughts, the deteriorating public utilities infrastructure, growing urbanisation hence the pressure on the limited supplies of water to both our facilities and our communities. Water risks are felt by many and rarely impact on one company in isolation, hence the need for a collaborative approach to mitigating the shared risks by all stakeholders.

SHARED IMPERATIVE

We will secure shared water resources for our business and local communities.

We have applied a bespoke in-depth water risk assessment process whose aim is to analyse the probability and severity of physical water risks, identifying the key stakeholders in the watersheds applicable to each operation, which has facilitated that targeted engagements towards mapping and prioritisation of mitigation plans. We continue to invest in the upgrading of our production infrastructure in order to minimise water use and align our usage levels to target benchmarks.

During the year the Company facilitated the rehabilitation of the water reticulation system at Jairos Jiri Zvishavane Home for the elderly. We also supported the drilling of a borehole at Chiedza Child Care, Adbernnie Harare, which was co-funded by Qantas Cabin Crew and Global Giving. This facility serves both the Child Care centre, and the local communities who source water for domestic use. A solar powered borehole and water pump were installed at Churu Primary School on the outskirts of Harare.

Water Project at Chiedza Child Care, Waterfalls Harare

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

4. A CLEAN WORLD

SHARED OPPORTUNITY

We want a clean world where nothing goes to waste and emissions are dramatically lower.

Climate change is a threat to our business and to local communities. Our own factory emissions, the packaging and trade refrigeration of beverages, all have a significant carbon footprint.

It is important to us to deliver the quality beverages our consumers expect from us as sustainably as possible.

SHARED IMPERATIVE

We will create value through reducing waste and carbon emissions.

We will work with suppliers, distributors, retailers, municipalities and consumers to reduce emissions and waste across our value chain, and reuse and recycle waste and packaging.

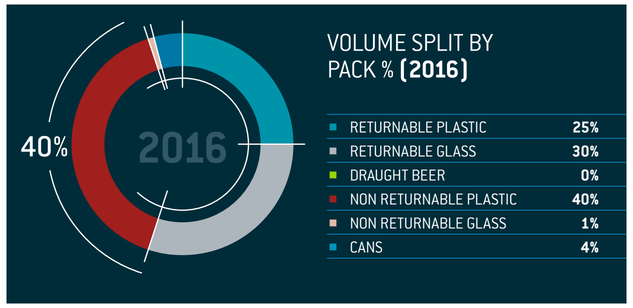
PROGRESS TO DATE:

- ***Returnable Bottles: embedding the culture of reuse***. The Group believes in the use of returnable glass bottles as a trusted and effective way to reduce the environmental impact of our packaging as they are much more resource efficient than the one way packages such as cans and PET.

  The growth of the contribution of sorghum beer packaged in PET has increased the pressure for sustainable solutions to reduce litter from used primary packages such as PET and cans. We are working collaboratively with the environmental agency, local authorities and other environmental groups to intensify the education of consumers on segregation of litter, placement of litter in bins and general consciousness towards a cleaner environment.

  The consumer waste cages that have been installed at major shopping centres are now being used to accumulate used cans and PET. The used cans are crushed and pressed into tin cake for export. The change over from steel to aluminium cans is largely complete, which creates secondary usage of the used cans. The PetrecoZim PET recycling factory is fully functional and is able to absorb all material that is recovered and delivered to it. This has now created income generating opportunities for waste collectors.

This year we launched a clean-up campaign under the theme Make A Difference which enlists the support of community groups in taking care of the hygiene and cleanliness of the localities, discouraging littering particularly by motorists, and the segregation of waste in the home. We are encouraging our employees to volunteer in the clean-up campaigns.



- ***Eliminating waste from our production processes:*** 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.
- ***Reducing supply chain emissions:*** Our production and distribution processes use significant amounts of fossil fuels and generate CO2 emissions. We continue to record and analyse data on the levels of these emissions for comparison to set benchmarks. There are ongoing collaborative efforts across the supply chain to implement projects that reduce CO2 emissions.

  We plan to phase out the use of HFC refrigerants in our cold-drink equipment. We have so far injected 642 CO2-based HFC-free coolers into the market. CO2 has 1,430 times less global warming potential than typical HFC refrigerant gas. We have also begun to roll out solar powered and other low energy demand coolers.
- ***Driving Efficiency:*** Each production centre tracks the usages of water and energy against both internal and international benchmarks as part of the business key performance indicators. The key initiatives such as the light-weighting of primary and secondary packaging, use of light weight trailers, use of natural lighting, installation of energy management devices and LED lighting have resulted in significant progress in the various energy usage measures.

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

5. A PRODUCTIVE WORLD

SHARED OPPORTUNITY

We want a productive world where land is used responsibly, food supply is secure, biodiversity is protected and brewing crops and agricultural raw materials can be accessed at reasonable prices.

Our products—and the country's population—depend on a sustainable supply of agricultural crops. In order to support the more than thirteen million Zimbabweans, agriculture must become more efficient, operate within ecological limits and address the challenges of topsoil loss, fresh water depletion and greenhouse gas emissions.

SHARED IMPERATIVE

We will support responsible, sustainable use of land for our agricultural raw materials.

We are creating secure, sustainable supply chains both for malting barley, maize and sorghum including key agricultural raw materials such as sugar and fruit juices. We are helping farmers increase profitability, productivity and social development while reducing environmental impact.

The Company continues to support over 9 000 subsistence farmers to grow sorghum for use in our sorghum and Eagle Lager beer. The longstanding barley contract scheme which was disrupted in 2015 due to the overstock position, will resume in 2016. The scheme has been threatened by the significant decline in lager beer sales since 2013.

In another small measure the company supported a mushroom project at Mudavanhu School, Mkoba Township in Gweru, which caters for the mentally challenged children. The mushrooms will be used to complement food for the students with the surplus being sold to the local market, to generate income to support the school.

VALUING AND EMPOWERING OUR PEOPLE

Our success is driven by each one of the 4 800 people we employ in the Company.

Delta employs on average some 4 800 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 programs which aim to increase the role and ratios of female employees in the organisation and therefore address the diversity issues.

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

WORKPLACE HEALTH AND SAFETY

We believe that a safe and healthy workplace is both a fundamental right of every person and a business imperative. Our **Safety Around Beverages Policy** requires that we take responsibility for maintaining a productive workplace in every area of our Company by, among other things, working towards minimising the risk of accidents, injury and exposure to health hazards for all of our associates and contractors. The safety initiatives were revamped with the launch and implementation of the Action program whose key message in Safety Begins with me, a realisation of the need for each employee to take responsibility for their own safety.

- *Wellness:* 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. Our clinics provide free anti-retroviral drugs and are accredited for testing and counselling. The general awareness of health issues has increased driven by the Wellness Program, for which the Company continues to be recognised through various awards.
- *Safety:* 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 and the environmental and safety council 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 a number of staff including those of our contracted transporters and third parties. We are reinforcing the Respect The Road Safety Campaign in an effort to combat accidents involving our heavy and light motor vehicles and those of our freight and distribution partners. This campaign aims to equip our drivers to deal with the daily hazards encountered behind the wheel, to keep them safer and contribute to overall road safety.
- *Attracting and retaining talent:* The business operates in a contracting economy which has reduced its capacity to create new jobs and offer new promotional opportunities. We however maintain focus on career development for our employees, whether in their current role or to prepare them for a new one, noting that individual employees have a responsibility to take charge of their own development, albeit with support from their managers. During the last financial year, the Group provided close to 16 199 days of training to employees. The Group has maintained the annual intakes to the various apprenticeship and internship programs. These initiatives are complemented by the robust performance management system that recognises and rewards strong performance against specific personal and team goals, which bring alignment to company objectives.
- *Labour Relations:* We engage with our employees regularly to appraise them on the Company performance and address issues relating to remuneration, safety and welfare. We regularly solicit their views and listen to their ideas and opinions through employee engagement surveys. The engagements with employees are through the localised shop floor workers committees or sector trade unions.

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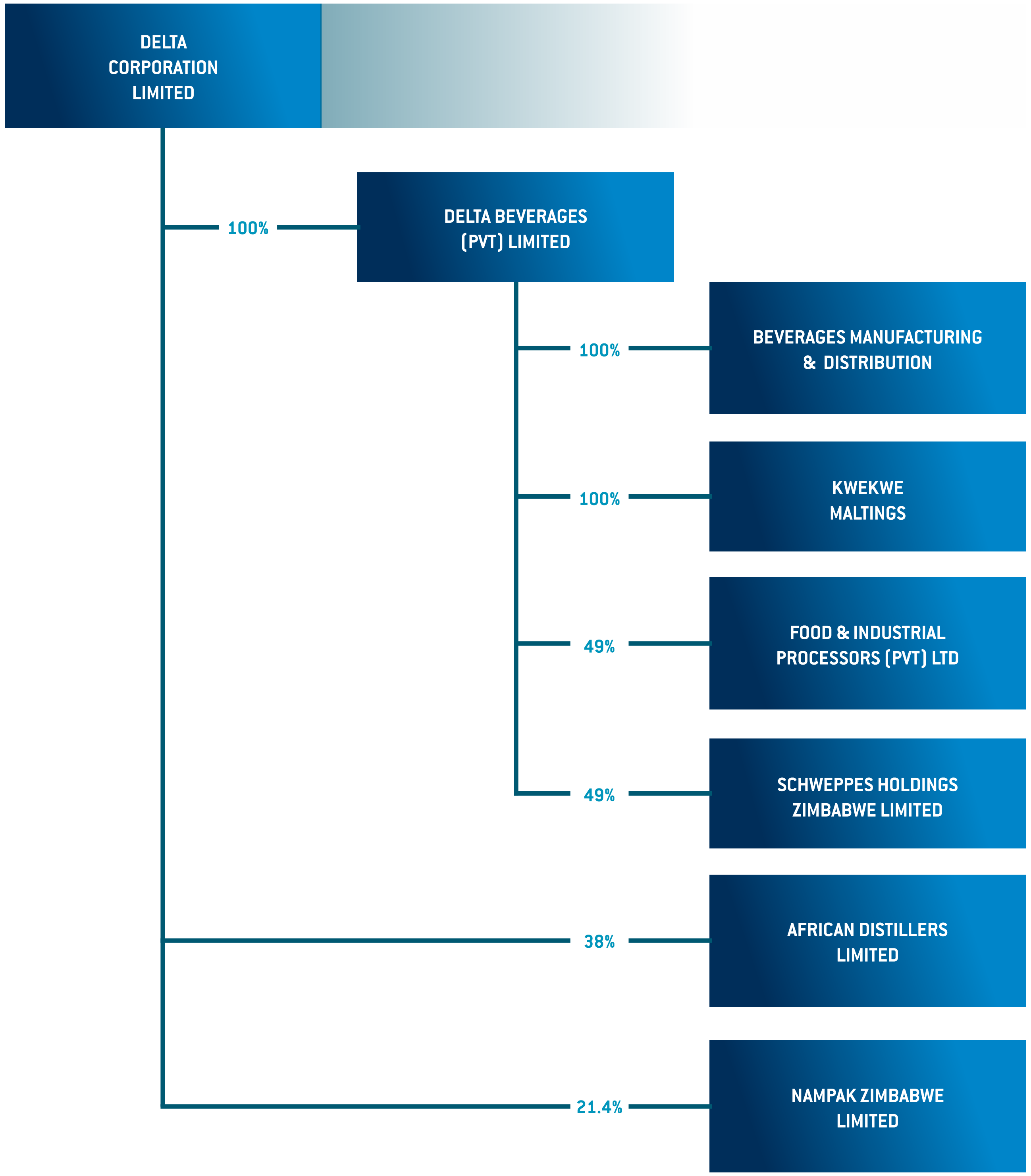
GROUP STRUCTURE



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

PORTFOLIO OF BUSINESSES

ACTIVITIES

BEVERAGES MANUFACTURING AND DISTRIBUTION

LAGER BEER BUSINESS
Brewing lager beer, 2 Breweries
Castle Lager, Castle Lite, Golden Pilsener, Lion Lager, Carling Black Label, Zambezi Lager, Bohlinger's Lager, Eagle Lager
Imported Brands: Miller Genuine Draft, Peroni, Castle 1895 Draught, Castle Milk Stout, Carling Blue Label, Redds, Flying Fish

TRADITIONAL BEER BUSINESS
Brewing sorghum beer, 9 Breweries
Chibuku, Chibuku Super and Thabani

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

TRANSPORT AND DISTRIBUTION BUSINESS
Provision and maintenance of primary and secondary distribution vehicles & the distribution of beverage products
23 Heavy Vehicle Workshops, 23 Delta Beverage Centres & 2 Customer Collection Depots

ALTERNATIVE BEVERAGES
Shumba Maheu & Super Sip, Super Sip Yoghurt, 1 factory

AGRO INDUSTRIAL

KWEKWE MALTINGS
Barley and Sorghum malting, 2 Malting Plants

SCHWEPPES HOLDINGS ZIMBABWE LIMITED
Bottling of Non-carbonated cordials, 2 plants
Mazoe, Calypso, Ripe & Ready, Schweppes Still Water, Minute Maid, Fuze Tea, Bonaqua Still Water

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

NAMPAK ZIMBABWE LIMITED
Comprises Hunyani - paper packaging; Carnaud Metal Box – crown corks, tin cans and plastics packaging and MegaPak - manufacture of PET, injection and blow moulded plastic products

FOOD AND INDUSTRIAL PROCESSORS (PVT) LTD
Wholesale distributor of starches and glucose

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

PETRECOZIM (PVT) LIMITED
Recycling of PET plastics
1 Factory

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.Com; CA(Z) ¤
Dr C C Jinya	B. A Econ; DBS (Honoris Causa)
J A Kirby	B. Acc; CA(SA) ¤*
T Moyo	B. Acc; CA(Z)
L E M Ngwerume	BA; MBA; IMS
Prof H C Sadza	BSc; MA; Phd; MIPMZ; Mzim
T N Sibanda	B. Acc; CA(Z) *

* 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	BSc (Hons)	Operations Director – Beverages
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/Treasurer
C D Malaba (Mrs)	B. Acc (Hons), B. Compt; CA(Z)/SA	Supply Chain Director
D Mange	BSc; MBL	Director – Information Technology
M W Mudimbu	BSc; Dip	General Manager – Sorghum Beer
Dr M G Nyandoroh	BSc (Hons); M.Sc; Phd	General Manager – Lager Beer
M Pemhiwa	BSc Psych; MBA	Human Resources Director
T Rinomhota	BSc Eng; MBA	Technical Director

DIRECTORATE

FRONT ROW: Hope Cynthia Sadza, Mark John Bowman, Pearson Gowero, Canaan Farirai Dube, Charity Chiratidzo Jinya
BACK ROW: Simon James Hammond, Jonathan Andrew Kirby, Todd Moyo, Luke Edward Mathew Ngwerume, Thembinkosi Sibanda, and Matlhogonolo Mothibedi Valela

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DIRECTORATE

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 and Quality Corporate Governance Centre (Pvt) Ltd t/a Zimbabwe Leadership Forum. He has recently stepped down as chairman of the Midlands State University Council. He is studying for a doctorate, focusing on corporate governance.

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 and associate companies and Seed Company of Zimbabwe.

3. **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.

4. **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 both the Remuneration and Nominations committees. He has recently been appointed as the Managing Director of CABS, the banking unit of Old Mutual 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.

5. **CHARITY CHIRATIDZO JINYA**
B.A Econ; DBS (Hons Causa), Fellow Institute of Bankers
Dr Charity Chiratidzo Jinya joined the board on 1 April 2016. She is currently the Managing Director of MBCA Bank, a member of Nedbank Group and President of the Bankers Association of Zimbabwe. Dr Jinya has had a long career in banking, having also served as managing director and executive director of leading listed banks in Zimbabwe and Uganda. She was recently crowned as the Director of the Year 2015 awarded by the Institute of Directors, Zimbabwe. She is involved with various charities in the education and church sectors and youth mentorship programs.

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. **TODD MOYO**
B.Acc; CA (Z)
Todd Moyo joined the board on 1 April 2016. He is currently the Managing Director of Datlabs (Private) Limited. He sits on a number of boards and is currently non-executive chairman of National Foods and PPC Zimbabwe. Todd participates in a number of charitable trusts and committees in the education, medical services and civic arenas. He actively participates in the activities of professional associations such as the Institute of Chartered Accountants of Zimbabwe and industry bodies such as the Confederation of Zimbabwe Industries.

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.

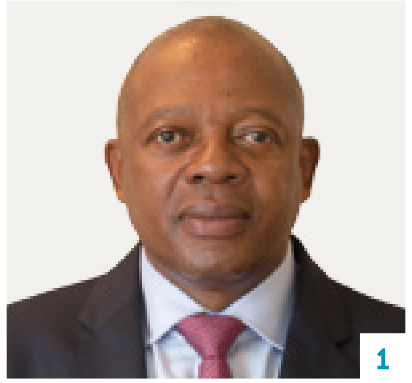
9. **HOPE CYNTHIA SADZA**
BSc; MA; PhD; MIPMZ, Mzim
Prof Hope Sadza joined the board in June 2007. She is a co-founder and Vice Chancellor of the Women's University in Africa since 2002. She has won several academic and professional awards including the Fulbright Scholarship.

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

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, Simbisa Brands and Pretoria Portland Cement Limited.

11. **MATLHOGONOLO MOTHIBEDI VALELA**
B Tech (Accounts), CA (Z)
Matlhogonolo 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.

GROUP MANAGEMENT COMMITTEE



DELTA CORPORATION LIMITED ANNUAL REPORT 2016

GROUP MANAGEMENT COMMITTEE

The profiles of the Chief Executive Officer and Executive Director - Finance are included under Board of Directors.

3. ETHERTON RUNYARARO MPISAUNGA – BSC (HONS)
Operations Director – Beverages
Etherton Mpisaunga was appointed as Operations Director – Beverages in 2010. He initially joined the Group in 1984 and left in 1992 to work for the Coca Cola Company. He rejoined the Group in 1995 and has held various senior management positions within the Sorghum Business Division and Beer marketing.

4. MAXEN KAROMBO – B. TECH (MGMT.); MBA; MCIM
Marketing Director
Maxen Karombo re-joined the Group in January 2011 as Marketing Director. He worked for Unilever in various senior roles in marketing, sales and general management in the company's East and Southern Africa region. He was country managing director in both Zimbabwe and Uganda. He initially joined the Natbrew (Lager Beer Division) in 1997 in the marketing department. He is a non-Executive Director on the boards of Willdale Bricks, Zimnat Life Assurance and Leonard Cheshire Disability Trust of Zimbabwe.

5. MOSES GAMBIZA – B. COMPT (HONS); CA (Z)
General Manager – Sparkling Beverages
Moses Gambiza was appointed General Manager – Sparkling Beverages in April 2014. He joined the Group on 1 May 2000 as a Financial Controller at the then National Breweries. He held various positions in finance until being appointed to the Group Management Committee as General Manger – Southern Region in May 2013.

6. ALEX MAKAMURE – B. ACC (HONS); CA (Z)
Company Secretary/ Group Treasurer
Alex Makamure was appointed as Company Secretary in January 2006. He is currently also responsible for Corporate Affairs. In this role, he has covered additional responsibilities in procurement, tax administration, group accounting and corporate affairs. He joined the Group as a finance manager at Chibuku Breweries in May 1998 and has occupied various roles in finance and administration in the Beverages Business. He sits on the board of Schweppes Zimbabwe as a company representative and is a non-executive director of Africa Sun Limited.

7. CYNTHIA DINKA MALABA – B. ACC (UZ); B. COM (HONS) (UNISA); CA (Z); CA (SA)
Supply Chain Director
Cynthia Malaba was appointed as Director - Supply Chain in April 2013. She joined the Group in 1999 as an Internal Auditor at OK Zimbabwe and promoted to the Head of Risk and Internal Audit in 2003. In 2010 she was seconded to The Coca-Cola company in East Africa on a senior management development program. This culminated in her promotion to the Group Management Committee as General Manager - Operations heading the Southern Region in April 2011. She also sits on the board of The Culture Fund and member of the Business Council for Sustainable Development Zimbabwe.

8. DAVISON MANGE – BSC (UZ); MBL (UNISA)
Director IT
Dave Mange was appointed to Director Information Technology in 2011. He joined the Group's IT Internship programme in 1990. He held various management positions before his appointment as General Manager Information Technology in 2007.

9. MARK MUDIMBU – BSC FOOD SCIENCE; DIP. BUS.
General Manager – Sorghum Beer Business
Mark Mudimbu re-joined the Group as General Manager – Sorghum in February 2013. He first joined the Group in 1983 at the then Chibuku Breweries in the Technical Department. He held various management positions including a long spell as regional manager in charge of either Southern or Northern Regions of Chibuku Breweries. He left the Group in 2005 to pursue other interests and was General Manager of Darbrew Limited (Traditional Beer Breweries) in Tanzania from 2007 to 2013.

10. DR MUNYARADZI GODFREY NYANDOROH – BSC (HONS) (UZ); MSC (UZ); PHD (KENT)
General Manager – Lager Beer Business
Munyaradzi Nyandoroh was appointed General Manager – Lager Beer Business in April 2014. He joined the Group in 1985 working in the technical department of the then Chibuku Breweries division. He left the organization in 1992 to pursue further studies and re-joined in 1996 as Technical Director for Chibuku Breweries. He was appointed General Manager for the Agro-Services in 2002, and as GM Operations for the Southern Region and thereafter the Northern Region.

11. MARSHALL PEMHIWA – BSC. (HONS) PSYCH; HR DIP; DIP OCC. PSYCH; MBA
Human Resources Director
Marshall Pemhiwa was appointed Human Resources Director in April 2011. He joined the Group in March 1998 as a Graduate Trainee Psychologist/HR. He held various management positions before assuming the position of HR Executive - Beverage Operations in 2009. He sits on the board of Mandel Training Centre and is the immediate past president of the Institute of People Management.

12. TICHAFA RINOMHOTA – BSC ENG; MBA
Technical Director
Tichafa Rinomhota was appointed Technical Director in 2011. He joined the group at the then National Breweries division in 1999 as Engineering Manager and rose through the ranks to become the General Manager – Technical for the Lager Business in 2007. He has previously worked for a number of mining and construction companies.

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN THAT THE SIXTY NINTH ANNUAL GENERAL MEETING OF MEMBERS OF DELTA CORPORATION LIMITED WILL BE HELD AT THE REGISTERED OFFICE OF THE COMPANY AT NORTHRIDGE CLOSE, BORROWDALE ON FRIDAY 29 JULY 2016 AT 12 30 HOURS FOR THE FOLLOWING PURPOSES.

ORDINARY BUSINESS

1. STATUTORY FINANCIAL STATEMENTS
   To receive and adopt the Financial Statements for the year ended 31 March 2016, together with the Report of Directors and Auditors thereon.

2. TO APPOINT DIRECTORS
   Dr C C Jinya and Mr T Moyo retire at the end of their interim appointments and will offer themselves for re-election.

   Messrs C F Dube, J A Kirby, S J Hammond and T N Sibanda 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 2016.

4. 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

29 June 2016

SHAREHOLDERS ANALYSIS

SIZE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS	%	ISSUED SHARES	%
1 to 5 000	5 073	79,0	4 465 146	0,4
5 001 to 10 000	339	5,3	2 426 383	0,2
10 001 to 25 000	333	5,2	5 404 961	0,4
25 001 to 50 000	192	3,0	6 809 320	0,5
50 001 to 100 000	144	2,2	10 094 410	0,8
100 001 to 500 000	203	3,2	48 145 423	3,9
Over 500 000	137	2,1	1 166 968 332	93,8
	6 421	100,0	1 244 313 975	100,0
CATEGORY				
Local Companies	782	13,0	102 730 332	8,3
Foreign Companies	11	0,2	497 296 189	40,0
Pension Funds	370	5,8	118 045 998	9,5
Nominees, local	102	1,8	666 877	0,1
Nominees, foreign	106	0,4	333 050 204	26,8
Insurance Companies	52	1,0	147 067 878	11,8
Resident Individuals	4,431	68,9	26 839 355	2,2
Non Resident Individuals	210	3,3	1 856 945	0,1
Investments & Trusts	237	3,8	13 426 068	1,0
Fund Managers	54	0,9	2 853 539	0,2
Deceased Estates	63	0,8	416 523	0,0
Other Organisations	3	0,1	64 067	0,0
	6 421	100,0	1 244 313 975	100,0

Included in the category of over 500 000 shares is Delta Employee Participation Trust Company (Private) Limited which holds 14 411 211 shares on behalf of 2 414 employees who participate in the scheme.

TOP TEN SHAREHOLDERS Shareholder	2016	%	2015	%
Stanbic Nominees (Pvt) LTD (NNR)	312 440 839	25,1	327 989,511	26,4
SABMiller Zimbabwe BV (NNR)	281 951 325	22,7	281 951 325	22,7
Rainer Inc.	193 137 519	15,5	193 137 519	15,5
Old Mutual Life Assurance Co.	138 945 997	11,2	138 869 343	11,2
Old Mutual Zimbabwe Ltd	36 153 890	2,9	36 153 890	3,3
Standard Chartered Nominees - (NNR)	33 949 197	2,7	40 820,795	2,9
Browning Investments NV	22 178 835	1,8	22 178 835	1,8
National Social Security Authority (NPS)	21 461 214	1,7	21 424 933	1,7
Delta Employees Share Participation Trust Co.	14 411 211	1,2	14 253 211	1,1
Delta Corporation Limited	13 376 978	1,0	—	—
Stanbic Nominees (Pvt) LTD (NNR)	—	—	12 951 555	1,0
Other	176 306 970	14,2	152 837 758	12,4
	1 244 313 975	100,0	1 242 568 675	100,0

SHAREHOLDERS ANALYSIS (CONTINUED)

MAJOR SHAREHOLDERS	2016	%	2015	%
Old Mutual	175 099 887	14,0	179 690 138	14,0
SABMiller	497 267 679	40,0	497 267 679	40,0
	672 367 566	54,0	679 657 817	54,0
RESIDENT AND NON-RESIDENT SHAREHOLDERS				
Resident	412 201 580	33,1	412 201 580	33,2
Non-Resident	832 112 395	66,9	830 367 095	66,8
	1 244 313 975	100,0	1 242 568 675	100,0

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

SHARE PRICE INFORMATION

Mid Range Price (US cents) at:	
30 June 2015	101,00
30 September 2015	83,00
31 December 2015	70,50
31 March 2016	56,50
Price Range:	
Highest: 20 April 2015	106,00
Lowest: 8 February 2016	52,00

CALENDAR

Sixty Ninth Annual General Meeting	29 July 2016
Financial Year End	31 March 2017
INTERIM REPORTS:	**ANTICIPATED DATES:**
6 months to 30 September 2016	November 2016
12 months to 31 March 2017 and	
Final dividend declaration	May 2017
Dividend Payment Date – final	June 2017
Annual Report Published	July 2017

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TRANSFER SECRETARIES:
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Intermarket Centre
Cnr. Kwame Nkrumah / 1st Street
(P O Box 2208)
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Telephone: 263 4 751559/61
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