Delta Corporation
LIMITED

ANNUAL REPORT 2017

brighter together

OUR VISION

To be the most admired Beverage Company in the Region.

OUR PURPOSE

We bring enjoyment and refreshment to our consumers by nurturing our brands and growing our 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: TO BE THE MOST ADMIRED BEVERAGE BUSINESS IN THE REGION

Our Mission is to bring enjoyment and refreshment to our consumers by nurturing our brands and growing our 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

To view the Online Annual Report, please visit our website at

www.delta.co.zw

CONTENTS

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

DELTA CORPORATION LIMITED Annual Report 2017

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

WE 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 product and service
- We innovate and lead in a changing world

OUR REPUTATION **IS INDIVISIBLE**

- Our reputation relies on the actions and statements of every employee
- We build our reputation for the long term
- We are fair and ethical in all our dealings

WE 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

The new Chibuku Super Plant at Kwekwe Brewery, 2016

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

The Company is a 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) 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.

On 19 September 1946, a blue-chip company was born, when the office of the Registrar of Deeds and Companies issued a certificate of registration number 190/1946 for Rhodesian Breweries Limited, the company that is now Delta Corporation Limited.

PRINCIPAL RISKS AND UNCERTAINTIES

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. Consequently, fiscal revenues are inadequate. The political environment, although peaceful, remains turbid. The next general elections are in 2018 which could stoke political violence. Key members of the country's leadership are on US and EU targeted restrictive measures. In addition, there is increased scrutiny of cross border financial transactions as the country aligns to international best practice.

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.

Increased Competition Activity

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 across beverage categories. The strength of the US dollar against the 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.

Regulatory or Policy Risks

a) 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.

b) Policies

The policy environment remains unpredictable particularly relating to fiscal compliance, financial markets and implementation of various regulations. Policy uncertainty impacts on our ability to plan for the future. Of particular note are issues related to currency management, bank transaction limitations and other measures that impact on the ability of consumers to purchase 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 development options 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 remain unstable, which could disrupt production, cold beverage availability and the sourcing of local materials and services.

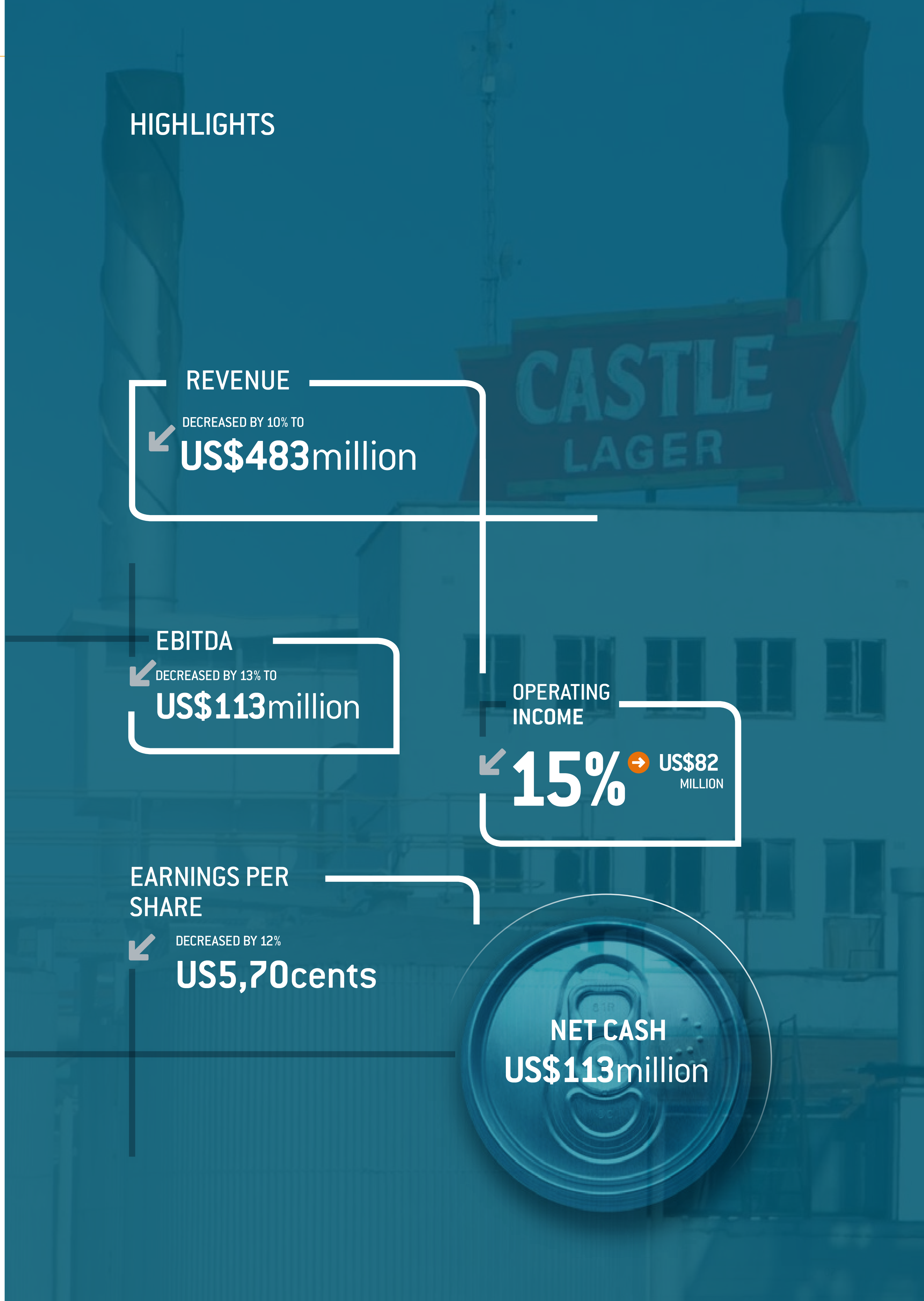
Reliance on Franchise Arrangements and Brands

The business produces a significant portion of brands that are franchised from third parties or are produced under license through bottler agreements that expire at various intervals. These arrangements can be terminated if certain conditions are breached giving rise to possibility of underutilisation of certain assets. The Company maintains healthy relations with its franchise partners and continues to support and nurture its own brands.

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 MARCH

	2017	2016	2015	2014	2013
GROUP SUMMARY (US$'000)					
Revenue	**482 968**	538 198	576 552	602 224	631 276
Earnings before interest, tax, depreciation and amortisation	**112 758**	128 928	143 168	158 704	161 519
Profit after tax	**69 885**	80 089	92 800	107 193	104 123
Attributable earnings	**69 885**	80 089	91 943	105 664	102 472
Net Funds	**113 334**	101 016	63 611	15 196	(3 517)
Total Assets	**704 089**	696 238	663 665	619 886	561 938
Market Capitalisation	**1 070 110**	699 927	1 304 697	1 427 799	1 406 314
SHARE PERFOMANCE (US cents)					
Earnings per share					
Attributable earnings basis	**5,70**	6,49	7,44	8,55	8,49
Cash equivalent earnings basis	**8,24**	9,53	10,13	11,48	11,19
Cash flow per share	**10,85**	12,20	11,25	12,20	13,46
Dividends per share	**5,45**	4,70	3,65	3,55	3,40
Net asset value per share	**41,11**	39,53	36,96	32,87	28,21
Market price per share	**86,00**	56,25	105,00	115,00	115,00
FINANCIAL STATISTICS (%)					
Return on equity	**13,87**	16,41	20,14	25,63	30,09
Operating margin (operating income to net sales)	**19,07**	20,00	22,08	25,02	24,73



CHAIRMAN'S LETTER TO SHAREHOLDERS

REAL RETURNS

US5,45 cents

Total dividend for the year of US5,45 cents per share.

DEAR SHAREHOLDER,

The Company experienced significant challenges during the year; characterised by constrained aggregate demand, limited access to cash and alternative payment platforms and delays in foreign remittances. The country received heavy rains, which although welcome, limited market access and significantly inhibited outdoor consumption occasions. As a consumer facing business, these challenges impacted the fortunes of the Company.

Notwithstanding the foregoing, the business remains profitable albeit at reduced volume and revenues. Lager beer volume is down 7%, Sparkling beverages down 11% and Sorghum beer is down 3% against last year. There was a marked increase of soft drinks imports in the second half of the year while the inaccessibility of the markets from heavy rains was more pronounced on the Sorghum beer volume. Revenue is down 10% on last year due to mix changes in favour of the more affordable brands and packs within each category.

CHAIRMAN'S LETTER TO SHAREHOLDERS (CONTINUED)

The lower volume and increased contribution of value brands and packs reduced the margin with operating income and EBITDA down 15% and 13% respectively.

Reduced investment in working capital arising from softening volume, delayed settlement of both foreign creditors and dividends have increased net funding to US$113 million.

SHAREHOLDER CHANGES

Following the conclusion of the combination of SABMiller and AB InBev in October 2016, the Company is now an associate of the new AB InBev Group.

THE COCA-COLA BOTTLER'S AGREEMENT

The Coca-Cola Company (TCCC) issued a notice of its intention to terminate the Bottler's Agreements with Delta Beverages and its associate Schweppes Holdings Africa Limited following the said shareholder changes. Subsequently TCCC and AB InBev reached an agreement in principle to explore options to restructure the bottling operations in a number of countries. The Company has issued a cautionary statement in this regard. All relevant parties are engaged in discussions and stakeholders will be updated on progress.

DIRECTORATE

Mr Mark Bowman resigned as a Director of the Company and was replaced by Mr Ricardo Tadeu, the Africa Zone President of AB InBev with effect from 4 November 2016. I wish to thank Mr Bowman for his invaluable contribution since 2007 and welcome Mr Tadeu.

OUTLOOK

The projected good cereals output of the 2016/17 summer cropping season together with the expected higher volume of tobacco and cotton may shore up consumer spend. We continue to manage our overhead base in line with volume in order to deliver a positive return to shareholders.

DIVIDEND

The Board declared two interim dividends of US2,00 cents and US1,00 cent per share. A final dividend of US2,45 cents per share is proposed. This brings the total dividend for the year ended 31 March 2017 to US5,45 cents per share.

C F Dube
Chairman
5 May 2017

REVIEW OF OPERATIONS
BEVERAGES BUSINESS OVERVIEW

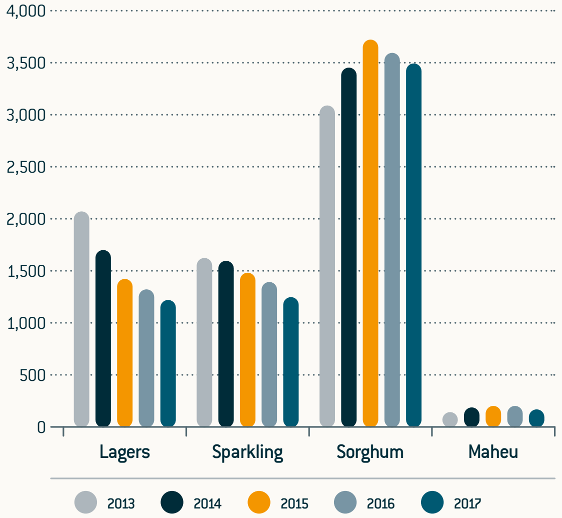
The business faced significant headwinds during the current financial year which impacted negatively on the volume performance across all the beverage categories. The consumers and traders were generally stretched due to shortages of bank notes, fundamental changes to the payment platforms and uncertainty around the introduction of bond notes. The tight liquidity conditions forced the Company to tighten the extension of credit to customers. The sourcing of imported raw materials and capital equipment was constrained by the delays in foreign remittances.

For most of the year there was limited supply of water in major urban areas, this was partly due to the drying up of dams and ground water sources as well as constraints faced by local authorities in processing raw water and repairing the reticulation infrastructure. The heavy rains that were experienced in the country resulted in damage to road infrastructure reducing market access and outdoor consumption occasions.

There were a number of fiscal and monetary policy interventions which made the operating environment increasingly uncertain. The revenue collection authority, ZIMRA and the traffic police's aggressive collection measures impacted economic activity as not only did they affect consumer spending, the road blocks also impeded the free movement of both vehicles and cargo.

Weakening regional currencies and favourable duty regimes under the COMESA trade protocols resulted in considerable imports of soft drinks from Zambia and Mozambique.

BEVERAGE VOLUME PERFORMANCE (000HL)

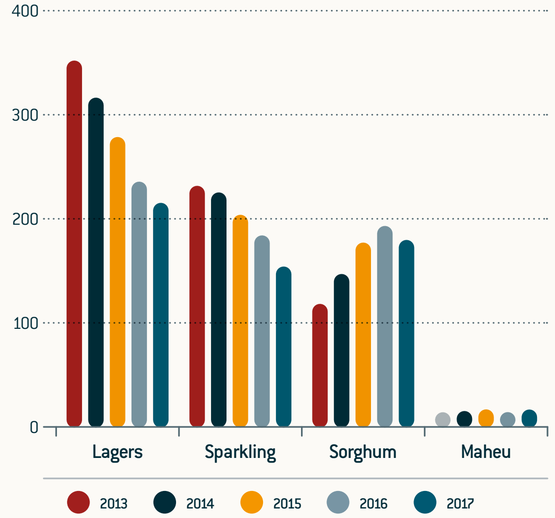


DELTA CORPORATION LIMITED Annual Report 2017

REVIEW OF OPERATIONS (CONTINUED)
BEVERAGES BUSINESS OVERVIEW

The Retailer Development Program ran for a second year to empower our traders and develop good business skills. A total of 700 traders were trained during the year in areas that covered business management, product handling, customer care, responsible retailing and consumption of alcohol as well as post-consumer waste management. We collaborated with other value chain partners to train our traders on outlet hygiene and financial skills.

BEVERAGE GROSS REVENUE PERFORMANCE (US$MIL)



REVIEW OF OPERATIONS (CONTINUED)

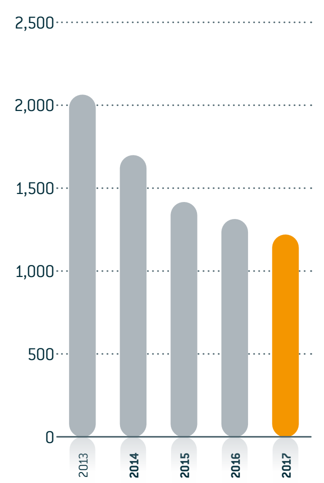
LAGER BEER BUSINESS

LAGER BEER BUSINESS

Lager beer volume was 7% below prior year as the category continued to decline from the historical peak of 2,0 million hectolitres achieved in the year to March 2013. There is some slowdown in the rate of decline, with brands such as Zambezi Premium Lager and Castle Lite registering growth in the current year.

The sales performance was largely constrained by the prevailing macro-economic factors, the down trading to affordable offerings and opportunistic imports. Our brands continue to collectively appeal to a wide cross section of consumers and command leading positions in the repertoire of Zimbabwean drinkers. The total market share has remained stable at above 95% of the lager beer category.

LAGER VOLUME PERFORMANCE (000HL)



LAGER BEER TRADE CHANNEL SALES % CONTRIBUTION

SPECIAL EVENTS	2%
BOTTLE STORE	11%
GENERAL DEALER	2%
HOTEL & RESTAURANT	2%
OTHER	2%
BAR	10%
SUPERMARKET	6%
WHOLESALE/DISTRIBUTOR	65%

DELTA CORPORATION LIMITED Annual Report 2017

REVIEW OF OPERATIONS (CONTINUED)

LAGER BEER BUSINESS (CONTINUED)

LAGER BEER VOLUME

↙ 7% ➔ 1,2 million HECTOLITRES

Manufacturing throughput was stable despite intermittent utilities outages. There were pronounced water supply disruptions during the period September to December 2016 whose impact was mitigated by higher finished product stock covers. The decline in volume negatively impacted capacity utilisation and production efficiency.

Our full brand and pack offerings continue to attract consumer attention through merchandising, upgraded labels, branded merchandise and various consumer promotions.

The Company continues to focus on marketing efforts in maintaining consumers within its franchise. Our mainstream brand line-up comprising Castle Lager, Carling Black Label and Lion Lager constitutes the bulk of our sales and dominates the lager beer category. These marketing activities promote consumer closeness, bonding, social development and outright pride in our country.

Castle Lager, our flagship brand's essence is to be the bonding benchmark in all consumption occasions. It is the beer brand that brings people together for a better world as it boldly declares: *"It all comes together with a Castle!!"*

OUR BRANDS IN THE COMMUNITY

The Company remains committed to the development of sport and the arts through various brand sponsorships as it endeavours to connect its brands with both its consumers and the communities.

Soccer remains Zimbabwe's premier sport hence brand Castle Lager has renewed its Premier Soccer League sponsorship for another three years, an investment of over one million dollars per year in Sponsorship and supporting activities.

Castle Lager brought consumers together for a worthy cause at the maiden Castle Lager Braai Day at Alexander Sports Club on 29 October 2016. The event saw consumers coming out to enjoy good music, braai and some cold Castle Lagers. Through this event, the brand will donate a year's supply of meat to the country's two biggest referral hospitals - Harare Hospital and Mpilo Hospital in Bulawayo.

Carling Black Label sponsors the National Pool tournament, a sport that has a rising following.

Zambezi Lager focuses on consumers eager to follow the call to embrace Zimbabwe's great outdoor life. It remains the official beer for Kariba Invitational Tiger Fishing Tournament and the Victoria Falls Carnival, platforms that support tourism in Zimbabwe.

Castle Lite is a brand with a passionate purpose to unlock extraordinary enjoyment. The brand's modern, fun and innovative personality makes it an obvious choice for the guy who is going places on a mission to improve his life. Castle Lite continued to bring new experiences to consumers and held two events - Castle Lite Extra Cold Block Party in Bulawayo and a New Year's event at Westgate Mall in Harare.

BOOSTING COMMUNITIES THROUGH LOCAL INGREDIENTS

SORGHUM FOR EAGLE LAGER. Eagle Lager connects with Zimbabwe's rural small-scale farmers who grow sorghum, its key brewing ingredient .While empowering rural farmers on the one hand, Eagle Lager provides consumers with a quality refreshing beer with an unbeatable value for money proposition.

A SMART BARLEY PARTNERSHIP. The Company resumed barley contracting this year after skipping 2015 due to excess stocks carried over from previous seasons. A total of 10 063 tons were delivered from the 2016 scheme. The improvement in yields is attributed to better crop husbandry, stable water and power supplies.

A total of 2 300 hectares have been contracted for the 2017 season. This should deliver sufficient barley for our needs. Of concern are the very high wheat prices offered by the Command Agriculture project as this competes with barley for winter irrigation capacity.

The price distortions may potentially cause disharmony with our farmers as we focus on reduced costs and increased productivity targeting regional parity pricing.

REVIEW OF OPERATIONS (CONTINUED)

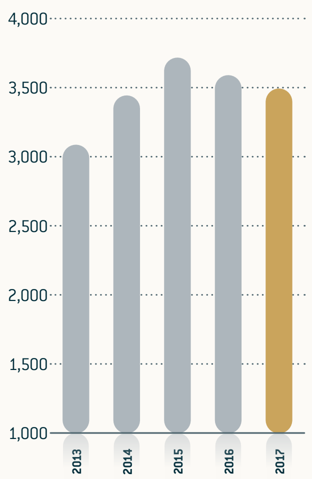
SORGHUM BEER BUSINESS

SORGHUM BEER BUSINESS

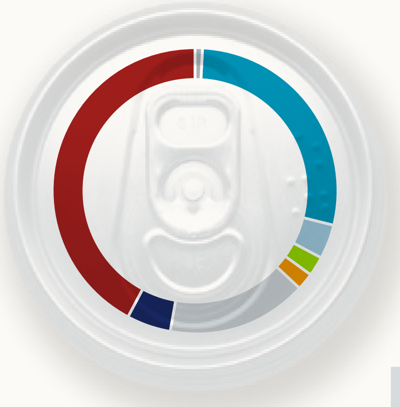
Sorghum beer volume declined 3% to 3,5 million hectolitres. This was partly due to supply bottlenecks arising from water cuts at the main plants in Harare and Bulawayo as well as limited production capacity in Masvingo and Midlands regions while the two breweries were closed for upgrades and Chibuku Super plant installations. The heavy rains that were received in most parts of the country resulted in damages to road infrastructure which impeded market access particularly in the rural areas.

Commissioning of the new plants in Masvingo and Kwekwe was delayed to the fourth quarter due to challenges in accessing foreign payments. The new breweries which produce both Chibuku Super and the 2 Litre Scud will improve distribution and logistics into key markets in these provinces. The business is now poised to benefit from any volume upturn.

SORGHUM VOLUME PERFORMANCE (000HL)



SORGHUM BEER TRADE CHANNEL SALES % CONTRIBUTION



SPECIAL EVENTS	1%
BOTTLE STORE	28%
GENERAL DEALER	4%
HOTEL & RESTAURANT	2%
OTHER	2%
BAR	16%
SUPERMARKET	5%
WHOLESALE/DISTRIBUTOR	42%

REVIEW OF OPERATIONS (CONTINUED)

SORGHUM BEER BUSINESS (CONTINUED)

SORGHUM BEER VOLUME

3% ↓ 3,5 million HECTOLITRES

CHIBUKU IN THE COMMUNITY

SAFEGUARDING OUR HERITAGE.
Chibuku launched a new campaign called ***"Made for Brothers"*** to cement the brand's proposition of Nourishing the Bonds of Brotherhood. The new campaign was rolled out extensively on billboards as well as in outlets.

SUPER SOCCER. The brand association with football through the Chibuku Super Cup sponsorship continued and culminated in a thrilling ***"Battle of the Mines"*** final held for the first time in a rural setting at Baobab Stadium in Ngezi.

CELEBRATING OUR CULTURE IN MUSIC.
Our partnership with the National Arts Council through the sponsorship of the Chibuku Road-to-Fame and Neshamwari Dance Festivals remained key in providing a platform not only for consumers to enjoy the brand but also for the development of the arts and celebrating our rich cultural heritage in Zimbabwe.

CHIBUKU SUPER FOR A CLEANER COUNTRY
We are aware of the environmental impact of the one-way PET pack which has increased the presence of litter in undesirable places. We continue to work hand in glove with various stakeholders such as EMA, local authorities, non-governmental organisations and waste collectors to reduce littering from post-consumption packages. A Chibuku Super led initiative called, ***"Maoko Pamwechete,"*** to increase awareness on the need to dispose of packaging waste responsibly as well as recycling was launched.

GROWING LIVELIHOODS WITH SORGHUM.
The sorghum contract scheme with both commercial and communal small scale farmers is well entrenched, successfully uplifting and sustaining the livelihoods of more than 9 000 small scale communal farmers. We are developing new sorghum varieties with improved brewing and agronomic properties.

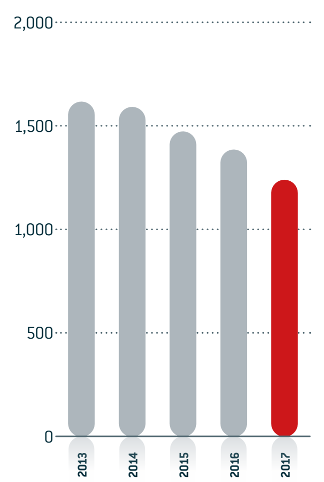
REVIEW OF OPERATIONS (CONTINUED)
SPARKLING BEVERAGES BUSINESS

SPARKLING BEVERAGES BUSINESS

The Sparkling Beverages volume of 1,24 million hectolitres was 11% below prior year, reflecting a very challenging trading environment. The sector has become increasingly competitive with new entrants and significant imports of Coca-Cola brands from COMESA source markets such as Zambia and Mozambique which are not subject to the protective import duties. The imports are also spurred by the currency arbitrage opportunities driven by the strong US dollar relative to the regional currencies.

The manufacturing platform was stable throughout the period other than disruptions caused by inadequate water supplies during the third quarter.

SPARKLING VOLUME **PERFORMANCE (000HL)**



SPARKLING BEVERAGE TRADE CHANNEL **SALES % CONTRIBUTION**

SPECIAL EVENTS	3%
BOTTLE STORE	7%
GENERAL DEALER	12%
HOTEL & RESTAURANT	1%
OTHER	6%
BAR	3%
SUPERMARKET	18%
WHOLESALE/DISTRIBUTOR	50%

DELTA CORPORATION LIMITED Annual Report 2017

REVIEW OF OPERATIONS (CONTINUED)
SPARKLING BEVERAGES BUSINESS (CONTINUED)

SPARKLING BEVERAGES VOLUME

11% ↓ 1,24 million HECTOLITRES

The mix continues to shift in favour of more affordable bulk take home packs. The brand and market activations have sustained our portfolio at a market share in excess of 90%. Of note was the launch of the ***"Taste the feeling"*** global marketing campaign which superseded the previous ***"Open Happiness"*** campaign. The new campaign heralded in new television commercials, campaign images, music anthem, billboards and on the social media channels anchoring our market leadership.

The business extended its offering in the energy category with the launch of Monster Energy in Zimbabwe in three exciting varieties; Monster Energy, Monster Assault and Monster Khaos.

OPEN HAPPINESS IN THE COMMUNITY

PROMOTING SOCCER. The Coca-Cola brand continued to occupy its pivotal role in the development of grassroots soccer. All ten provinces participated in the COPA Coca-Cola Soccer tournament, with the finals being held in Gwanda in Matabeleland South. Rujeko High school emerged the champions while Chidyamakono took the prize for the girls. The tournament standard of play was at its finest. The brand offered the opportunity for two of the high school students to attend a training clinic in South Africa and France, a cherished experience.

ON THE BEAT WITH MUSIC. The Coca-Cola brand continued its long tradition of supporting music. Local music lovers were entertained through two Coca-Cola sponsored television programs, Coke on the Beat and Coke Studio, which also offer exciting prizes to local musicians and consumers at the annual music awards.

SUPPORTING ENTERPRISES. The business is engaged in the global Coca-Cola "5 by 20" Campaign which recognizes the role of women in national development through capacity and capability building in business. The women were equipped with entrepreneurial skills through a number of training sessions throughout the country.

We continue to empower informal traders by providing informal market equipment with some 3 000 vendors being provided with vending boxes.

DELTA CORPORATION LIMITED Annual Report 2017

REVIEW OF OPERATIONS (CONTINUED)

ALTERNATIVE BEVERAGES

ALTERNATIVE BEVERAGES

The volume performance of the alternative beverages under Shumba Maheu and SuperSip brands, recorded a 16% decline to 160 thousand hectolitres. This was partly due to increased competition from both local and imported brands and the price distortions arising from the changes in the value added tax regime.

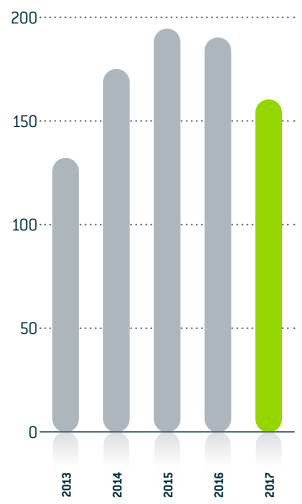
The company continues to review the product offering with marketing initiatives focused on raising awareness of importance of the category as a meal replacement.

ALTERNATIVE BEVERAGES VOLUME

160 thousand HECTOLITRES

Successful consumer engagement activations were held at Harare Agricultural Show and the Zimbabwe International Trade Fair (ZITF). Super Sip is developing its sponsorship properties such as the Hoops for Hope Basketball Tournament held in five high-density suburbs of Harare in July 2016. The festival aimed at promoting good behavior amongst young people as well as highlight the importance of good Public Health practices.

ALTERNATVES VOLUME PERFORMANCE (000HL)



REVIEW OF OPERATIONS (CONTINUED)
LEVERAGING OUR SUPPLY CHAIN AND LOGISTICS

PROMOTING BEST PRACTICE
Our procurement team interacts with local, regional and global suppliers to source the goods and services our business needs to produce and sell our beer and soft drinks. Our Supplier Partnering Program aims to collaborate with each suppler to ensure that they at least meet minimum requirements of the United Nations Framework and Guiding Principles on Business and Human Rights and the Company's code of business ethics. The guiding principles relate to work place safety, avoiding child labour, basic labour standards and human rights and good manufacturing practice. Suppliers must act ethically and with integrity at all times and comply with local, national and international laws and regulations. They should avoid situations where a conflict of interest may occur, and must immediately disclose to Delta any conflicts of interest that arise.

REVIEW OF OPERATIONS (CONTINUED)
LEVERAGING OUR SUPPLY CHAIN AND LOGISTICS (CONTINUED)

PROMOTING LOCAL SOURCING
Over 70% of the Company's inputs and services are sourced from the local market. The traditional contract farming arrangements for sorghum, barley and maize ensure sustainable sourcing of these key brewing materials whilst providing livelihoods to the Zimbabwean communities. The supplier partnering program aims to achieve gains in quality, cost and service levels through reduction in waste and poor materials performance.

IMPROVING THE EFFICIENCY OF OUR DISTRIBUTION LOGISTICS
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 retail and wholesale customers.

There are ongoing initiatives to build internal capacity for primary freighting from the production centres to benefit from enhanced efficiencies. Our fleet travelled a combined 14,2 million kilometres this financial year.

There are current initiatives to deploy technology in the routing of deliveries, load pickings in the warehouses and vehicle and driver monitoring in order to improve vehicle productivity and distribution efficiency. There are however some challenges relating to poor road conditions, road congestion in urban centres and generally poor driving conditions in the country. Vehicle turnaround is also impacted by the high prevalence of police and VID roadblocks.

With over two hundred delivery vehicles plying our roads each day, it is a safety imperative for the Company to uprate driver skills. The division continues to invest in driver training and safety awareness. We work collaboratively with the Traffic Safety Council in the 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.

REVIEW OF OPERATIONS: ASSOCIATES

SCHWEPPES ZIMBABWE LIMITED

Schweppes Zimbabwe Limited is a manufacturer and distributor of noncarbonated, 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 2017 was 6% below prior year on an undiluted basis. This reflects the challenging macroeconomic factors that are impacting the entire beverage sector. There was a notable recovery of market share in the very competitive bottled water category, benefiting from the launch of Bonaqua in late 2015.

The financial performance has been weighed down by the limited throughput at Beitbridge Juicing Company and the set up costs at Best Fruit Processors.

The after tax share of profits from this associate entity amounted to US$0,5 million for the year to March 2017 (2016: US$2,2million). The business remains in reasonable financial health.

REVIEW OF OPERATIONS: ASSOCIATES (CONTINUED)

AFRICAN DISTILLERS LIMITED

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

OPERATING INCOME

17% US$2,5 MILLION

The associate registered a commendable growth on both revenue and volume for the six months to December 2016. This was driven by the higher offtake of ready to drink products following the localisation of the bottling of ciders and reduced imports. Revenue rose 10% whilst volume was up 25% spurred by price moderation. Operating income was up 17% to US$2,5 million for the six months to December 2016.

REVIEW OF OPERATIONS: ASSOCIATES (CONTINUED)

Nampak Zimbabwe was created by the merging of the related packaging 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
Mega Pak	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 a steady EBITDA outturn in the half year to March 2017, with attributable earnings impacted by some re-organisation cost. The balance sheet is strong with significant cash resources. The business is expected to benefit from the recent capacity investments and the ongoing initiatives to reduce their value chain costs.

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS OF DELTA CORPORATION LIMITED

The Directors present their 70th Annual Report together with the Audited Financial Statements of the Group for the year ended 31 March 2017.

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		**69 885**
Transfer from share option reserve		**239**
		70 124
Less Dividends		
First interim	$0.02 per share paid December 2016	**24 482**
Second interim	$0.01 per share paid March 2017	**12 254**
Final	$0.0245 per share payable May 2017	**29 891**
Share Buy Back		**5 285**
Add		
Distributable Reserves at the beginning of the year		**395 909**
Distributable Reserves at the end of the year (net of proposed dividends)		**394 121**

PROPERTY, PLANT AND EQUIPMENT

Capital expenditure (inclusive of returnable containers) for the year to 31 March 2017 totalled US $41,0 million. The capital expenditure for the year to 31 March 2018 is planned at US$37 million.

INVESTMENTS

The Company's effective shareholding in AFDIS Holdings Limited is 38,14%, Schweppes Holdings Africa Limited at 49% and 21,46% in Nampak Zimbabwe Limited.

SHARE CAPITAL

The authorised share capital of the Company remains at US$14,0 million comprising 1 400 000 000 ordinary shares of US$0,01 (one US cent) each. A total of 1 198 125 shares allotted in accordance with the share option schemes, whilst 2 161 151 ordinary shares were cancelled from those held under treasury stock. The ordinary shares in issue are 1 243 451 049. The Company held a total of 21 218 614 of its own shares as treasury stock.

REPORT OF THE DIRECTORS (CONTINUED)

TO THE SHAREHOLDERS OF DELTA CORPORATION LIMITED

Accordingly, the issued share capital is now US$44,2 million comprising nominal capital of US$12,2 million and share premium of US$32,0 million. The number of shares currently under option is 40 361 300 of which 17 230 000 are under the Share Appreciation Rights Scheme.

The Company now maintains both a materialised certificate register and an electronic de-materialised one 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 interim dividends of US3,0 cents per share and a final dividend of US2,45 cents per share. This brings the total dividend in respect of the year ended 31 March 2017 to US5,45 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 2016. The authority is due to expire at the conclusion of the next annual general meeting in July 2017. 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 9 902 787 shares which are held as treasury stock. The number of the treasury shares held as at 31 March 2017 was 21 218 614.

GOING CONCERN

The Directors have reviewed the Group's performance for the year and the principal risks its faces, together with the budget and cash flow forecasts for the next twelve months, and the application of reasonable sensitivities associated with such forecasts. Based on 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 93. All the current Directors served throughout the period except for Mr R T Almeida Cabral de Soares (Ricardo Tadeu) who was appointed as non-executive director on 4 November 2016. He replaced Mr M J Bowman who resigned on the same date.

Mr R Tadeu will retire at the end of his interim appointment and offer himself for re-election. Prof H C Sadza and Messrs C F Dube, S J Hammond, L E M Ngwerume and T N Sibanda are due to retire by rotation. All 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 reappoint Deloitte & Touche as Auditors for the Company for the ensuing year.

ANNUAL GENERAL MEETING

The 70th Annual General Meeting of the Company will be held at 12:30 hours on Friday 28 July 2017 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

5 May 2017

CORPORATE GOVERNANCE

INTRODUCTION

The corporate governance practices of Delta Corporation Limited are based on the code of business conduct which sets out the ethical standards to which all employees are expected to adhere. The code incorporates and covers the Company's operating, financial and behavioural policies and endeavours to foster responsible business conduct by all employees particularly as this relates to compliance with all laws, disclosure of any conflicts of interests, confidentiality of information, to act at all times in the best interests of the Company and to conduct all their dealings in an honest and ethical manner. The ethics code defines the employees' responsibilities and expected behaviour and covers the limits on acceptance of gifts from suppliers or stakeholders, the appropriate use of the Company's property and the anti-corruption policy. 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

Delta strives to strike a balance between generating great business results and managing its environmental and social responsibilities through the various sustainable development initiatives as detailed in a separate report. This outlines the programs in the areas of responsible drinking, safety and wellness, the environment and the communities.

The corporate governance framework accords with the recently introduced Zimbabwe Code on Corporate Governance, and borrows from the Cadbury and King reports, the national codes or listing regulations applicable in the countries of primary listing of the Company's major shareholders such as those of United Kingdom, Belgium and the United States. 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 said codes.

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.

THE BOARD OF DIRECTORS

The Board of Directors of Delta is constituted with an equitable ratio of executive to non-executive and independent directors noting that some Directors represent certain shareholders. The composition and structure of the Board is reviewed periodically to align with best practice, respective skills, experience, background, age and gender. The Board is chaired by a non-executive director and meets at least quarterly. The Board governs through clearly mandated board committees, which have specific written terms of reference. Committee chairmen report orally on the proceedings of their committees at the next meeting of the Board.

The Directors rotate and are re-appointed at least once every three years, and are expected to retire at 70 years of age. Any director that has served for more than three terms (nine years) or is beyond 70 years of age is rotated and re-appointed annually thereafter. There are transitional arrangements to meet any departures from the governance codes.

Short biographies of each of the Directors are on pages 93.

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 an independent non-executive director and is comprised of non-executive directors and incorporates the Chief Executive Officer who is a non-voting member. The Finance Director attends and presents reports to the Committee. The Audit Committee meets at least twice a year to discuss accounting, auditing, internal control, financial reporting and risk management matters. The Committee also reviews compliance with ZSE listing requirements. The external and internal auditors meet regularly with and have unrestricted access to the Audit Committee.

CORPORATE GOVERNANCE (CONTINUED)

THE REMUNERATION COMMITTEE

Delta's Remuneration Committee is constituted and chaired by non-executive board members, 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. It also acts as the general purpose committee (in which case it co-opts additional members) to deal with ad-hoc strategic issues. The Committee meets at least twice a year.

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 and at least two non-executive directors.

RISK MANAGEMENT

The focus of risk management in Delta is on identifying, assessing, managing and monitoring of 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 2016 to 31 March 2017)

NAME OF DIRECTOR	MAIN BOARD/AGM		AUDIT COMMITTEE		REMUNERATION COMMITTEE	
	Attended	Possible	Attended	Possible	Attended	Possible
Mr P Gowero	6	6	2	2	3	3
Mr M J Bowman	2*	4	—	—	—	—
Mr C F Dube	6	6	2	2	3	3
Mr S J Hammond	5	6	—	—	2	3
Mr R T Almeida Cabral de Soares	1*	3	—	—	—	—
Dr C C Jinya	6	6	—	—	—	—
Mr J A Kirby	4*	6	2	2	3	3
Mr T Moyo	6	6	—	—	—	—
Mr LEM Ngwerume	6	6	—	—	—	—
Prof H C Sadza	5	6	—	—	—	—
Mr T N Sibanda	6	6	2	2	—	—
Mr M M Valela	6	6	—	—	—	—

*Represented by an alternate director at meetings

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

Delta Corporation Limited's ("Delta" or "the Company") Directors are required by the Companies Act (Chapter 24:03) 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 2018. 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 pages 32 to 36.

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 internal 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 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.

PREPARER OF FINANCIAL STATEMENTS

These annual financial statements have been prepared under the supervision of M M Valela, a qualified Chartered Accountant (Zimbabwe) and have been audited in terms of section 29(1) of the Companies Act (Chapter 24:03).

The financial statements for the year ended 31 March 2017, which appear on pages 37 to 78 were approved by the Board of Directors on 5 May 2017 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 2017

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DELTA CORPORATION LIMITED

OPINION

We have audited the consolidated and company financial statements of Delta Corporation Limited and its subsidiaries (the "Group") set out on pages 37 to 78, which comprise the consolidated and company statements of financial position as at 31 March 2017 and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion the consolidated and company financial statements present fairly, in all material respects, the consolidated and company financial position of Delta Corporation Limited as at 31 March 2017, and its consolidated and company financial performance and its consolidated and company cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act (Chapter 24:03).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Public Accountants and Auditors Board (PAAB) Code of Professional Conduct, which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B), together with other ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF DELTA CORPORATION LIMITED

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
VALUATION AND RECOVERABILITY OF RECEIVABLES REFER TO POLICY NOTE 4.11 AND 4.20 OF THE FINANCIAL STATEMENTS FOR THE GROUP'S POLICY ON DETERMINING THIS ALLOWANCE FOR CREDIT LOSSES	
The macroeconomic environment is characterised by liquidity constraints and increasing credit risks resulting in the recoverability of receivables becoming doubtful. The Group trades with entities with varying turnovers and distribution footprints and the awarding of credit and accepting of security is based on the respective circumstances of the counterparty. Significant judgements are applied by the Directors in establishing an adequate impairment provision against receivables. The provision is determined by taking into account the financial position of the customer, any security tendered and the customer's payment history, particularly past default performance. The allowance for credit losses amounted to US$7.4 million for the year (refer to note 16). The valuation of receivables has been considered a key audit matter as it is subject to significant estimation and subjective judgements.	In evaluating the valuation of receivables, our substantive procedures included the following: • Assessing the reasonableness of the methods and assumptions used by the management to estimate the allowance for credit losses; • Obtaining the receivables age analysis and testing it for completeness and accuracy as a basis for substantive audit testing; • Circularisation of a sample of customers on the receivables age analysis to verify their existence; • Obtaining subsequent receipts of the sampled receivables so as to assess the recoverability of the balances; • Assessing the fairness of valuation of security tendered for balances receivable; • Reviewing the terms of sale for receivables to assess the Group's risk of overtrading with customers against pre-set credit terms; • Obtaining correspondence from the Group's legal representatives and identifying customers with whom the Group has legal action against in respect of outstanding balances and tracing these counterparties to the listing of allowances for credit losses. We noted that the continued deterioration of economic fundamentals has impacted the quality of the Group's receivables resulting in an increase in the allowance for credit losses. The persistent liquidity challenges may impact this estimate and result in future charges to profit or loss.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF DELTA CORPORATION LIMITED

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
VALUATION OF CONTAINERS IN THE MARKET (MARKET ABSORPTION) REFER TO POLICY NOTE 4.9 AND 4.20 OF THE FINANCIAL STATEMENTS FOR THE GROUP'S POLICY ON DETERMINING THIS ESTIMATE	
Due to the nature of the Group's operations, returnable beverage containers are issued to customers on sale of products. These remain the property of the Group. A deposit is received from customers that is repayable on return of the containers to the Group. Annually, the Directors determine an estimate of containers in the market against which the Group has a liability (the deposit) due to the customer. The Group has recognised a liability of US$14.4 million at the year-end (2016: US$ 16.8 million). Refer to note 20.2. The valuation of containers in the market is a key audit matter as it requires significant management judgement in determining the estimate.	We performed various procedures, including the following: • Obtaining the assumptions used in estimating the value of containers in the market and comparing the assumptions against prior year assumptions and global industry practice; • Assessing whether assumptions applied in current year are appropriate and reasonable based on market conditions e.g. production output, container usage/turnover etc; • Recalculating the value of estimated containers in the market. We found management's assumptions in determining the containers in the market provision to be reasonable. The accounting treatment of this provision is consistent with industry practice.
CHANGE-OVER OF THE FINANCIAL REPORTING IT SYSTEM	
The Group changed its financial reporting system during the year under review and moved from Syspro to SAP. System conversions are inherently susceptible to risks of incomplete data transfer from the previous to the new systems as well as divergence between expected and actual outcomes when the new system becomes the primary live environment. The system change-over was therefore considered to be a key audit matter based on the above factors.	Our procedures included but were not limited to the following: • Engaging IT audit specialists to obtain an understanding of the system change-over controls implemented and evaluating the adequacy of such controls in ensuring a smooth transition; • Obtaining an understanding of the challenges encountered and how they were resolved during the systems conversion in order to develop responses that were appropriate for identified risks of material misstatement; • Engaging data analytics to perform procedures to test the accuracy and completeness of balances transferred between the legacy and new financial reporting systems; • Obtaining an understanding of the general and application controls that are embedded in the new financial reporting system, including evaluation of the adequacy of and testing of the operating effectiveness of selected controls. Whilst some areas of improvement were identified which have or are being adopted, the change-over of the financial reporting system did not adversely impact the accuracy and completeness of the reported financial balances.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF DELTA CORPORATION LIMITED

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the Chairman's Statement, Review of operations, Report on principal risks and uncertainties, Report of the Directors, Corporate Governance Report, the Sustainable Development Report and the report on Directors' Responsibility for Financial Reporting, which we obtained prior to the date of the auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated and company financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated and company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF DELTA CORPORATION LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in accordance with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI), SI33/99 and SI 62/96.

Deloitte & Touche

Deloitte & Touche
Per: Brian Mabiza
Partner
Registered Auditor
PAAB Registration Number 0419
5 May 2017

Deloitte.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH

	Notes	2017 US$'000	2016 US$'000
REVENUE	8	482 968	538 198
NET OPERATING COSTS	9.1	(400 924)	(442 126)
OPERATING INCOME		82 044	96 072
Finance cost		(6 918)	(5 726)
Finance income		11 457	11 621
Share of profit of associates	13	1 834	3 944
Profit before taxation		88 417	105 911
Taxation	11.1	(18 532)	(25 822)
PROFIT FOR THE YEAR		69 885	80 089
Other comprehensive income for the year		—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		69 885	80 089
Weighted average shares in issue (millions)		1 225,7	1 234,2
EARNINGS PER SHARE (US CENTS)			
Attributable earnings basis	5.5	5,70	6,49
Fully diluted earnings basis	5.5	5,69	6,48

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH

	Notes	2017 US$'000	2016 US$'000
ASSETS			
Non-current Assets			
Property, plant and equipment	12	**354 947**	345 332
Investments in associates	13	**43 587**	42 122
Trademarks	14.3	**2 914**	2 914
Investments and loans	14.2	**9 623**	9 740
		411 071	400 108
Current Assets			
Inventories	15	**77 753**	86 431
Trade and other receivables	16	**34 942**	41 739
Other assets		**1 391**	1 944
Current tax asset	21.3	**5 598**	—
Cash and cash equivalents	21.8	**173 334**	166 016
		293 018	296 130
Total Assets		**704 089**	696 238
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	17.2	**12 222**	12 310
Share premium		**32 044**	33 074
Share options reserve		**7 389**	5 985
Retained earnings		**452 207**	436 530
Total shareholders' equity		**503 862**	487 899
Non-current Liabilities			
Long-term borrowings	19.1	**—**	65 000
Deferred tax liabilities	11.3	**50 022**	48 833
		50 022	113 833
Current Liabilities			
Short-term borrowings	19.2	**60 000**	—
Trade and other payables	20.1	**68 404**	65 272
Provisions	20.2	**19 932**	21 171
Current tax liability	21.3	**1 869**	8 063
		150 205	94 506
Total Equity and Liabilities		**704 089**	696 238
Net asset value per share (US Cents)		**41,11**	39,53

The financial statements were approved by the Board of Directors and authorised for issue on 5 May 2017.

P GOWERO
CHIEF EXECUTIVE OFFICER

M M VALELA
EXECUTIVE DIRECTOR - FINANCE

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH

	Notes	2017 US$'000	2016 US$'000
Cash flow from operating activities			
Cash generated from operating activities	21.1	**115 019**	137 699
Decrease in working capital	21.2	**17 920**	12 876
Cash generated from operations		**132 939**	150 575
Finance cost		**(6 918)**	(5 726)
Finance income		**11 457**	11 621
Income taxation paid	21.3	**(29 135)**	(19 007)
Net cash generated from operating activities		**108 343**	137 463
Cash flow from investing activities			
Decrease / (increase) in loans and investments		**117**	(659)
Dividend received from associates		**369**	668
Purchase of shares in associate		**—**	(5 372)
Purchase of property, plant and equipment to expand operations		**(34 002)**	(27 407)
Purchase of property, plant and equipment to maintain operations		**(7 032)**	(16 864)
Proceeds from disposal of property, plant and equipment		**88**	208
Net cash utilised in investing activities		**(40 460)**	(49 426)
Cash flow from financing activities			
Payment of dividends	21.4	**(49 162)**	(45 736)
Repayment of long-term borrowings	21.5	**(5 000)**	(5 000)
Increase in shareholder funding	21.7	**795**	1 205
Share buy back	17.5	**(7 198)**	(6 101)
Net cash utilised in financing activities		**(60 565)**	(55 632)
Net increase in cash and cash equivalents		**7 318**	32 405
Cash and cash equivalents at beginning of the year		**166 016**	133 611
Cash and cash equivalents at end of the year	21.8	**173 334**	166 016
Cash flow per share (US cents)	5.6	**10,85**	12,20

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	Total equity US$'000
At 1 April 2015		12 366	32 234	4 531	407 514	**456 645**
Profit for the year		—	—	—	80 089	**80 089**
Other comprehensive income for the year, net of tax		—	—	—	—	**—**
Total comprehensive Income for the year		—	—	—	80 089	**80 089**
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 reserve		—	—	(343)	343	**—**
Recognition of share based payments	9.1	—	—	1 797	—	**1 797**
Payment of dividends	21.4	—	—	—	(45 736)	**(45 736)**
At 1 April 2016		12 310	33 074	5 985	436 530	**487 899**
Profit for the year		—	—	—	69 885	**69 885**
Other comprehensive income for the year, net of tax		—	—	—	—	**—**
Total comprehensive Income for the year		—	—	—	69 885	**69 885**
Transactions with owners:						
Share options exercised		12	783	—	—	**795**
Share buy back	17.5	(100)	(1 813)	—	(5 285)	**(7 198)**
Transfer from share options reserve		—	—	(239)	239	**—**
Recognition of share based payments	9.1	—	—	1 643	—	**1 643**
Payment of dividends	21.4	—	—	—	(49 162)	**(49 162)**
At 31 March 2017		12 222	32 044	7 389	452 207	**503 862**

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 Zimbabwe 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 in the introduction of this annual report.

2. CURRENCY OF ACCOUNT

These financial statements are presented in United States Dollars (US$) 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 7 Statement of cash flows - clarifies that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- IAS 12 Income taxes - clarifies the following aspects:
  - Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
  - The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
  - An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Annual Improvements to IFRS Standards 2014–2016 Cycle

IFRS 12 Disclosure of interests in other entities - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

3.2 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (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 reporting periods beginning on or after 1 January 2018 with earlier application permitted].

- IFRIC 22 Foreign Currency Transactions and Advance Consideration-addresses foreign currency transactions or parts of transactions where:
  - there is consideration that is denominated or priced in a foreign currency;
  - the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
  - the prepayment asset or deferred income liability is non-monetary. [Applicable to annual reporting periods beginning on or after 1 January 2018].

- 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 supersede the current revenue recognition including IAS 18 Revenue. [Effective for annual reports beginning on or after 1 January 2018 with earlier adoption being permitted].

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

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

3.2 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) IN ISSUE BUT NOT YET EFFECTIVE (CONTINUED)

- IFRS 16 Leases - addresses 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 lease payments being straight-lined over the lease period. [Effective for annual periods beginning on or after 1 January 2019].

- IFRS 2 Share Based Payments - clarifies the standard in relation to the accounting for cash settled share based payment transactions that include a performance condition, the classification of share based payment transactions with net settlement features, and the accounting modifications of share based payment transactions from cash settled to equity settled. [Effective for annual periods beginning on or after 1 January 2018].

Annual Improvements to IFRS Standards 2014–2016 Cycle [Effective for annual periods beginning on or after 1 January 2018].

- IFRS 1 First Time Adoption of IFRS - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.

- IAS 28 Investments in Associates and Joint Ventures - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

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 of 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.

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 re assess 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 Holdings Africa, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

4.3 BASIS OF CONSOLIDATION (CONTINUED)

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

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

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

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

4.4 INVESTMENTS IN ASSOCIATES

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. Investments in associates are carried in the statement of financial position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognised. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Where the cost of acquisition is below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition, the discount on acquisition is credited in profit or loss in the period of acquisition. Where a Group company transacts with an associate of the Group, profits or losses are eliminated to the extent of the Group's interest in the relevant associate. Losses incurred by an associate may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

4.5 NON-CURRENT ASSETS HELD FOR SALE

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

4.9 PROPERTY, PLANT AND EQUIPMENT

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

In the event of an increase in deposit prices the deferred container expenditure is reduced by the subsequent increase. Gains arising from the deposit price increase of containers on hand after reducing deferred container expenditure to nil are included in income. Increases in deposit prices of containers in the market are credited to current liabilities which indicate the Group's obligation to purchase the containers at the new deposit price. The value of any returnable containers scrapped is charged to profit or loss.

4.10 INTANGIBLE ASSETS

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

Internally-generated intangible assets:

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

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

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

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment. The Group's intangible assets 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. Impairments 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 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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL (CONTINUED)

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.

Long service awards
The Group recognises the 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

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.

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 staff 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 FINANCIAL INSTRUMENTS (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

DELTA CORPORATION LIMITED Annual Report 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

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 20.2) 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.

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 (CONTINUED)

Critical judgements in applying accounting policies (continued)

- **Fair value measurement and 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.

- **Recognition of tax contingency**
  Tax matters involve inherently uncertainties arising from interpretation of tax regulations. The Group has disclosed a contingent liability as a result of a pending tax matter, refer to Note 11.4 for more details.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

5.5 EARNINGS PER SHARE

Attributable and fully diluted earnings basis

The calculations are based on the earnings attributable to ordinary shareholders. Account is taken of the number of shares in issue for the period during which they have participated in the income of the Group. Dilution arising in respect of share options granted amounts to 0,22% and 0,16% for 2017 and 2016 respectively.

The weighted number of shares was:

	2017 Number of Shares in millions	2016 Number of Shares in millions
Ordinary shares	**1 226**	1 234
Share options	**2**	2
Fully diluted number of shares	**1 228**	1 236

5.6 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 by the weighted average number of ordinary shares in issue.

5.7 FINANCIAL GEARING RATIO
This represents the ratio of interest bearing debt to total shareholders' equity.

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 2017 nor 2016.

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

7. SEGMENTAL REPORTING (CONTINUED)

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

2017	Lager Beer US$'000	Sparkling Beverages US$'000	Sorghum Beer US$'000	Total reportable segments US$'000	All other segments US$'000	Total US$'000
External revenue	183 363	142 349	154 567	480 279	18 994	**499 273**
Inter-segment revenue	—	—	—	—	(16 305)	**(16 305)**
Segment revenue	183 363	142 349	154 567	480 279	2 689	**482 968**
Segment operating income	22 866	14 295	34 986	72 147	9 897	**82 044**
Segment net working capital*	13 370	10 342	9 979	33 691	105 393	**139 084**
Segment trade and other payables**	(22 029)	(27 414)	(12 304)	(61 747)	(86 589)	**(148 336)**
Segment working capital assets	35 399	37 756	22 283	95 438	191 982	**287 420**
Segment property, plant and equipment	124 169	94 257	97 019	315 445	39 502	**354 947**

** Included in trade and other payables are short term borrowings of US$60 million.

Reportable segments

2016	Lager Beer US$'000	Sparkling Beverages US$'000	Sorghum Beer US$'000	Total reportable segments US$'000	All other segments US$'000	Total US$'000
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 property, plant and equipment	133 587	106 565	61 853	302 005	43 327	**345 332**

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

DELTA CORPORATION LIMITED Annual Report 2017

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)

	2017 US$'000	2016 US$'000
i) Revenue		
Total revenue for reportable segments	**480 279**	530 612
Revenue for other segments	**18 994**	24 390
Elimination of inter-segment revenue	**(16 305)**	(16 804)
Consolidated revenue	**482 968**	538 198
ii) Operating income		
Total operating income for reportable segments	**72 147**	87 208
Operating income for other segments	**9 897**	8 864
- Finance income	**11 457**	11 621
- Finance cost	**(6 918)**	(5 726)
- Share of profit of equity-accounted investees	**1 834**	3 944
Consolidated profit before tax	**88 417**	105 911
iii) Assets		
Total working capital assets for reportable segments	**95 438**	113 196
Working capital assets for other segments	**191 982**	182 935
Total property, plant and equipment for reportable segments	**315 445**	302 005
Property, plant and equipment for other segments	**39 502**	43 327
Equity-accounted investees	**43 587**	42 122
Other unallocated amounts	**18 135**	12 653
Consolidated total assets	**704 089**	696 238
iv) Liabilities		
Total trade and other payables for reportable segments	**56 402**	52 540
Trade and other payables for other segments	**12 002**	12 732
Borrowings	**60 000**	65 000
Provisions	**19 932**	21 171
Deferred tax liabilities	**50 022**	48 833
Current tax liability	**1 869**	8 063
Consolidated total liabilities	**200 227**	208 339

The Sparkling Beverages Business and associate entity Schweppes Holdings Africa produce brands under licence from The Coca-Cola Company (TCCC) in terms of bottlers' agreements. Following the merger of SABMiller and AB InBev in October 2016, TCCC has indicated an intention to terminate these bottlers agreements and that TCCC and AB InBev are pursuing strategies that could result in a restructure of these business entities. No specific formal positions have been reached regarding these matters, and consequently the entities have not been identified as a disposals group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

8. REVENUE

		2017 US$'000	2016 US$'000
Gross sales		**562 933**	632 938
Less VAT and discounts		**(79 965)**	(94 740)
Revenue		**482 968**	538 198
Less excise duties and levies	9.1	**(52 702)**	(57 888)
Net sales		**430 266**	480 310

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

		2017 US$'000	2016 US$'000
Raw materials and consumables used		**171 294**	194 747
Depreciation of property, plant and equipment	9.2	**30 714**	32 856
Staff costs		**78 855**	84 360
Excise duties and levies		**52 702**	57 888
Share option expenses		**1 643**	1 797
Repairs and maintenance		**18 887**	19 421
Container breakages*		**3 783**	6 072
Selling and marketing expenses		**13 279**	13 042
Royalties and technical fees		**8 130**	10 541
Security cost		**5 438**	5 721
Administration and operating costs		**16 199**	15 681
		400 924	442 126

*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

	2017 US$'000	2016 US$'000
Buildings	**2 572**	1 774
Plant and equipment	**20 942**	20 457
Vehicles	**3 858**	3 617
Containers (deferred container expenditure)	**3 342**	7 008
	30 714	32 856

9.3 AUDITORS' REMUNERATION

	2017 US$'000	2016 US$'000
Included in administration and operating costs are current year audit fees and expenses as follows:		
Current year audit fees and expenses		
- Group	**355**	355
- Company	**45**	45
Total	**400**	400

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

	2017 US$'000	2016 US$'000
Lease payments:		
- Minimum lease payments	**1 313**	1 447

10.3 NET FUTURE OPERATING LEASE COMMITMENTS

	2017 US$'000	2016 US$'000
Lease payments:		
- Payable within one year	**997**	906
- Payable within two to five years	**3 531**	3 034
	4 528	3 940

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

11. TAXATION

11.1 TAXATION

	2017 US$'000	2016 US$'000
Income tax:		
Current tax	16 971	18 075
Withholding tax	372	694
Deferred tax	1 189	7 053
	18 532	25 822

11.2 RECONCILIATION OF RATE OF TAXATION

	2017 %	2016 %
Standard rate	25,75	25,75
Adjusted for:		
Effect of expenses not deductible for tax	0,56	0,49
Effect of income not taxable in determining taxable profit:		
Effects of associate income	(0,52)	(0,95)
Other permanent differences	(4,83)	(0,91)
Effective rate	20,96	24,38

11.3 DEFERRED TAX LIABILITIES

	2017 US$'000	2016 US$'000
Balance at the beginning	48 833	41 780
Charge to profit or loss	1 189	7 053
Balance at end of year	50 022	48 833
Analysis of balance at end of year		
Property, plant and equipment	51 243	47 682
Other temporary differences	(1 221)	1 151
	50 022	48 833

11.4 CONTINGENCIES

The Zimbabwe Revenue Authority has raised tax assessments of US$27,8 million for the period 2009 to 2014 based on disallowing expenditure on royalties and technical assistance fees. Based on legal advice received to date, the Board is of the view that the Company has acted within the confines of existing statutes. Consequently, no provision has been made pending the resolution of the matter which is now before the courts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

12. PROPERTY, PLANT AND EQUIPMENT

	2017 US$'000	2016 US$'000
FREEHOLD PROPERTIES		
Cost	125 581	114 620
Accumulated depreciation	(54 526)	(56 102)
	71 055	58 518
PLANT AND EQUIPMENT		
Cost	403 506	369 574
Capital work in progress	2 670	22 059
	406 176	391 633
Accumulated depreciation	(209 534)	(184 525)
	196 642	207 108
VEHICLES		
Cost	55 862	51 633
Accumulated depreciation	(32 818)	(30 514)
	23 044	21 119
CONTAINERS		
Containers on hand	49 818	41 904
Containers in the market	14 388	16 683
	64 206	58 587
Total property, plant and equipment	354 947	345 332
Movement in net book amount for the year:		
At the beginning of the year	354 332	341 099
Capital expenditure	41 034	44 271
Disposals	(232)	(1 076)
Decrease in containers in the market and other adjustments	(9 473)	(6 106)
Depreciation	(30 714)	(32 856)
At end of the year	354 947	345 332
Capital expenditure comprised:		
Plant and equipment	35 223	35 596
Vehicles	1 243	2 369
Containers	4 568	6 306
	41 034	44 271
Disposals comprised:		
Plant and equipment	25	63
Vehicles	207	1 013
	232	1 076

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

13. INVESTMENTS IN ASSOCIATES

	2017 US$'000	2016 US$'000
Shares at cost	**20 093**	20 093
Post acquisition reserves	**23 494**	22 029
	43 587	42 122

Analysis of results and statement of financial position of associates.

	2017 US$'000	2016 US$'000
AFDIS Holdings Limited (38, 14%) (2016: 38,14%)		
Shares at cost	**10 493**	10 493
Group's share of post-acquisition profits	**1 618**	1 134
Dividend received from associate	**(982)**	(873)
	11 129	10 754
Total assets	**25 856**	21 479
Total liabilities	**(8 563)**	(5 564)
Net assets	**17 293**	15 915
Group's share of net assets of associate	**6 596**	6 070
Total revenue	**35 732**	34 322
Total profit for the year	**1 268**	1 958
Group's share of profit of associate	**484**	747

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$24,2 million (2016: US$19,8 million).

DELTA CORPORATION LIMITED Annual Report 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

13. INVESTMENTS IN ASSOCIATES (CONTINUED)

	2017 US$'000	2016 US$'000
Schweppes Holdings Africa Limited (49%) (2016: 49%)		
Shares at cost	**530**	530
Gain arising on acquisition	**9 278**	9 278
Group's share of post-acquisition distributable reserves	**12 414**	11 885
Dividend received from associate	**(505)**	(245)
	21 717	21 448
Total assets	**70 528**	78 318
Total liabilities	**(48 263)**	(47 033)
Net assets	**22 265**	31 285
Group's share of net assets of associate	**10 910**	15 330
Total revenue	**89 857**	94 901
Total profit for the year	**1 080**	4 905
Group's share of profit of associate	**529**	2 404

	2017 US$'000	2016 US$'000
Nampak Zimbabwe Limited (21,46%) (2016: 21,46 %)		
Shares at cost	**9 070**	9 070
Group's share of post-acquisition distributable reserves	**1 671**	850
	10 741	9 920
Total assets	**109 689**	96 923
Total liabilities	**(47 116)**	(38 018)
Net assets	**62 573**	58 905
Group's share of net assets of associate	**13 428**	12 641
Total revenue for the year	**43 139**	47 664
Total profit for the year	**3 825**	3 695
Group's share of profit of associate	**821**	793

The market value of the Group's interest in Nampak Zimbabwe Limited which is listed on the stock exchange in Zimbabwe was US$4,9 million (2016: US$2,4 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

14. TRADEMARKS, INVESTMENTS AND LOANS

	2017 US$'000	2016 US$'000
14.1 INVESTMENTS		
Unlisted - at cost	**244**	110
14.2 LOANS		
Secured-Related Parties	**9 379**	9 630
Total investments and loans	**9 623**	9 740
14.3 TRADEMARKS		
At cost	**2 914**	2 914

14.4 Included in the Group's secured loans of US$9,4 million are loans to employees made in terms of a Group housing and vehicle ownership scheme. This includes loans to Directors and officers of the Group amounting to US$ 5,6 million (2016: US$ 6,0 million). During the year, US$ 0,120 million was advanced and US$ 0,578 million was repaid. Housing loans are secured through mortgage bonds, share options and terminal benefits 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

	2017 US$'000	2016 US$'000
Consumable stores	**24 193**	26 116
Finished products	**18 402**	18 701
Raw materials	**33 118**	39 110
Work in progress	**2 040**	2 504
	77 753	86 431

The cost of inventories recognised as an expense during the year was US$ 138 million (2016: US$157 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

16. TRADE AND OTHER RECEIVABLES

	2017 US$'000	2016 US$'000
Trade receivables	**35 666**	35 786
Other receivables	**6 680**	9 829
Allowances for credit losses	**(7 404)**	(3 876)
	34 942	41 739

The Group holds collateral on some receivable balances. The estimated value of this collateral is US$6,5 million (2016: US$13 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 is 23 (2016: 21).

The Group has recognised an allowance for credit losses of US$3,6 million (2016: US$2,7 million) based on the historical past default performance of the counterparty and the analysis of the counterparty 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 79% (2016: 80%) of receivables are 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 credit losses because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	2017 US$'000	2016 US$'000
60-90 days	**1 425**	279
Over 90 days	**3 502**	3 933
Movement in the allowance of doubtful receivables		
Balance at the beginning of the year	**3 876**	4 223
Impairment recognised on receivables	**3 645**	2 652
Amounts written off during the year as uncollectable	**—**	(2 950)
Amounts recovered during the year	**(117)**	(49)
Balance at the end of the year	**7 404**	3 876

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.

	2017 US$'000	2016 US$'000
Ageing of impaired trade receivables		
Over 90 days	**7 404**	3 876

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

	2017 Number of shares in millions	2016 Number of shares in millions
At beginning of year	**1 231**	1 237
Exercise of share options	**1**	2
Share buy back	**(10)**	(7)
At end of year	**1 222**	1 232

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 156 595 876 (2016: 155 686 025) 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 2017 '000	Number of Shares 2016 '000
1 March 2009	1 March 2019	0,150	**520**	520
8 May 2009	8 May 2019	0,150	**150**	165
2 January 2010	2 January 2020	0,505	**56**	56
3 January 2011	3 January 2021	0,636	**1 101**	1 121
3 November 2011	3 November 2021	0,746	**2 828**	3 036
2 August 2012	2 August 2022	0,680	**7 026**	7 945
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			**23 131**	24 293
12 February 2016	13 February 2026	0,525	**7 528**	7 616
6 May 2016	6 May 2026	0,730	**9 702**	—
Total Share Incentives			**40 361**	31 909

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

17. SHARE CAPITAL (CONTINUED)

17.4 SHARES UNDER OPTION (CONTINUED)

	2017 '000	2016 '000
Movements in share options during the year:		
Outstanding at beginning of year	**31 909**	26 038
New options/SARS granted during year	**9 702**	7 616
Exercised during year	**(1 250)**	(1 745)
Outstanding at end of year	**40 361**	31 909

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 (2016: US$0,69) and US$0,94 (2016: US$0,94) respectively. No shares were forfeited in 2017 (2016: 0 shares).

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$2,6 million. The options granted mature after three years and, accordingly, the fair value will be amortised over that period. The Group recognised total expenses of US$ 1,6 million (2016: US$1,8 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	MAY 2016	FEBRUARY 2016
Grant date share price – US$	**0,7297**	0,525
Exercise price per share – US$	**0,7297**	0,525
Expected volatility	**Variable**	25%
Dividend yield	**3,6%**	2,5%
Risk-free interest rate	**5%**	4%

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. SHARE CAPITAL (CONTINUED)

17.5 SHARE BUY BACK

The effect of the cost of the share buy back (treasury shares) has been debited to reserves. The cost of the shares bought back during the year to March 2017 was US$7,2 million – 9 903 281 shares (2016: US$6,1 million – 7 317 320 shares). The Company held a total of 21 358 025 (2016: 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:

	2017	2016
M J Bowman	—	33 481
C C Jinya	4 431	4 431
H C Sadza	764	764
M M Valela	4 833 350	4 066 250
	4 838 545	4 104 926

No changes in Directors' shareholdings have occurred between the financial year end and 5 May 2017, being the date of the last meeting of the Directors.

19. BORROWINGS

	2017 US$'000	2016 US$'000
19.1 LONG-TERM BORROWINGS-AMORTISED COST		
At beginning of year	65 000	70 000
Repayment	(5 000)	(5 000)
Transfer to short-term borrowings	(60 000)	—
Balance at end of year	—	65 000
19.2 SHORT-TERM BORROWINGS-AMORTISED COST		
At beginning of year	—	—
Transfer from long-term borrowings	60 000	—
Balance at end of year	60 000	—

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$503,9 million.

The outstanding balances are repayable within twelve months.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

20. TRADE, OTHER PAYABLES AND PROVISIONS

	2017 US$'000	2016 US$'000
20.1 TRADE AND OTHER PAYABLES		
Trade payables	30 967	11 063
Accruals and other payables	37 437	54 209
	68 404	65 272

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

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.

20.2 PROVISIONS

	2017 US$'000	2016 US$'000
Employee benefits	5 544	4 488
Containers in the market	14 388	16 683
	19 932	21 171

	Employee benefits	Containers in the market
Balance at beginning of year	4 488	16 683
Additional provision recognised	1 056	—
Container market absorption movement	—	(2 295)
Balance at end of year	5 544	14 388

* 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

	2017 US$'000	2016 US$'000
21.1 CASH GENERATED FROM OPERATING ACTIVITIES		
Operating income	82 044	96 072
Depreciation	30 714	32 856
Loss on disposal of property, plant and equipment	144	868
Share option expense	1 643	1 797
Other non cash items	474	6 106
	115 019	137 699

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

21. CASH FLOW INFORMATION (CONTINUED)

	2017 US$'000	2016 US$'000
21.2 INCREASE/(DECREASE) IN WORKING CAPITAL		
Decrease in inventories	**8 678**	11 831
Decrease in receivables and other assets	**7 350**	1 541
Decrease in obligation for containers in the market	**(2 295)**	(4 607)
Increase in trade and other payables	**4 187**	4 111
	17 920	12 876
21.3 INCOME TAXATION PAID		
Balance at beginning of year	**(8 063)**	(8 301)
Current and withholding tax (Ref note 11.1)	**(17 343)**	(18 769)
(Net tax asset) / liability at end of year	**(3 729)**	8 063
Income taxation paid	**(29 135)**	(19 007)

* The tax asset is a net of the current tax asset of US$5 598 and the tax liability of US$1 869 as shown per consolidated statement of financial position.

	2017 US$'000	2016 US$'000
21.4 DIVIDEND PAID		
By the company:		
Proposed dividend at the beginning of year	**(40 621)**	(28 440)
Current year dividends (Ref note 22)	**(66 627)**	(57 917)
Balance at end of year	**58 086**	40 621
Payment of dividends	**(49 162)**	(45 736)
21.5 MOVEMENTS IN LONG TERM BORROWINGS		
Balance at beginning of year	**65 000**	70 000
Transfer to short-term loan	**(60 000)**	—
Amount repaid	**(5 000)**	(5 000)
Balance at end of year	**—**	65 000
21.6 MOVEMENTS IN SHORT TERM BORROWINGS		
Balance at beginning of year	**—**	—
Transfer from long-term loan	**60 000**	—
Amount repaid	**—**	—
Balance at end of year	**60 000**	—
21.7 INCREASE IN SHAREHOLDER FUNDING		
Proceeds of shares issued:		
By the Company – share options exercised	**795**	1 205
	795	1 205
21.8 CASH AND CASH EQUIVALENTS		
Made up as follows:		
Bank balances and cash	**173 334**	166 016
	173 334	166 016

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

22. DIVIDENDS

	2017 Cents	2016 US Cents	2017 US$'000	2016 US$'000
Interim	**3,00**	2,35	**36 736**	28 990
Final – proposed	**2,45**	2,35	**29 891**	28 927
	5,45	4,70	**66 627**	57 917

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 97 of this report.

AB Inbev 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

Balances and 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
2017					
AB InBev Companies	94 273	**8 130**	—	**—**	(28 741)
Associates	5 061	**—**	—	**—**	(22)
Delta Pension Fund	—	**—**	288	**—**	—
	99 334	**8 130**	288	**—**	(28 763)
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)

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$0,096 million (2016: US$0,122 million).

Transactions with related parties 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

23. RELATED PARTY TRANSACTIONS (CONTINUED)

23.3 REMUNERATION OF DIRECTORS AND OTHER KEY MANAGEMENT

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

	2017 US$'000	2016 US$'000
Short-term benefits	**3 477**	4 655
Post-employment benefits	**478**	486
Share based payments	**1 162**	1 213
	5 117	6 354
Included in the above amounts are the following in respect of Directors' emoluments:		
For services as directors	**226**	167
For managerial services	**1 334**	2 480
	1 560	2 647

23.4 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name	Country of Incorporation	Principal activity	Effective Interest 2017	Effective Interest 2016
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 Holdings Africa Limited	Zimbabwe	Beverages Manufacture	49%	49%
Afdis Holdings Limited / Afdis Limited	Zimbabwe	Beverages Manufacture	38%	38%
Mandel Training Centre (Private) Limited	Zimbabwe	Training	26%	26%
Nampak Zimbabwe Limited	Zimbabwe	Plastics & Paper Manufacture	21%	21%
PetrecoZim (Private) Limited	Zimbabwe	Plastics Recycling	15%	15%

Food & Industrial Processors 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.

DELTA CORPORATION LIMITED Annual Report 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

24. COMMITMENTS FOR CAPITAL EXPENDITURE

	2017 US$'000	2016 US$'000
Contracts and orders placed	**2 500**	19 623
Authorised by directors but not contracted	**34 889**	27 283
	37 389	46 906

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 contribution 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 3,5% of pensionable emoluments up to a maximum of US$700 per month for each employee.

	2017 US$'000	2016 US$'000
25.3 PENSION COSTS RECOGNISED AS AN EXPENSE FOR THE YEAR		
Delta Group Pension Fund	**4 220**	4 409
National Social Security Authority Scheme	**1 037**	964
	5 257	5 373

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

26.2 FOREIGN CURRENCY MANAGEMENT (CONTINUED)

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	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Euro	**(190)**	(610)	**1 480**	667	**1 290**	57
Rand	**(7 166)**	(2 976)	**134**	1 159	**(7 032)**	1 818

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	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
(Loss)/Profit	**(129)**	(6)	**1 547**	400

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 2017					
Fixed interest rate instruments	7,5	—	60 000	—	**60 000**
Trade and other payables	—	59 015	—	—	**59 015**
		59 015	60 000	—	**119 015**
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**

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

	2017 US$'000	2016 US$'000
FINANCING FACILITIES		
Unsecured bank loan facility with various maturity dates through to November 2017 and of which:		
Total available	**70 000**	80 000
Amount used	**(60 000)**	(65 000)
Amount unused	**10 000**	15 000

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

	2017 US$'000	2016 US$'000
Financial assets		
Cash and bank balances	**173 334**	166 016
Trade and other receivables	**35 666**	35 786
Loans	**9 379**	9 630
Available-for-sale financial assets	**244**	110
Financial liabilities		
Amortised cost:		
Borrowings	**60 000**	65 000
Trade and other payables	**68 404**	65 272

26.7 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while 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 11,91% in current year (2016: 13,32%).

26.8 FINANCIAL RISK MANAGEMENT OBJECTIVES

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

27. GOING CONCERN

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

28. SUBSEQUENT EVENTS

There were no significant subsequent events affecting the financial statements for the year ended 31 March 2017.

DELTA CORPORATION LIMITED Annual Report 2017

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH

	2017 US$'000	2016 US$'000
REVENUE		
Dividend and other income	**67 219**	58 729
Administrative expenses	**(544)**	(389)
Profit before tax	**66 675**	58 340
Taxation	**—**	—
PROFIT FOR THE YEAR	**66 675**	58 340
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**66 675**	58 340

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

Administrative expenses are paid through Delta Beverages and are re-charged to subsidiaries as management fees.

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 MARCH

	Notes	2017 US$'000	2016 US$'000
ASSETS			
Non-current Assets			
Interest in associated companies	13, E	**19 563**	19 563
Interest in subsidiaries	A	**255**	87
Other investments		**134**	—
		19 952	19 650
Current Assets			
Loans to subsidiaries	B	**87 806**	64 620
Trade and other receivables	C	**30 668**	41 398
		118 474	106 018
Total Assets		**138 426**	125 668
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		**12 222**	12 310
Share premium		**32 044**	33 074
Share options reserve		**7 389**	5 985
Retained earnings		**85 321**	72 854
Total Equity		**136 976**	124 223
Current Liabilities			
Trade and other payables	D	**1 450**	1 445
Total Equity and Liabilities		**138 426**	125 668

The financial statements were approved by the Board and authorised for issue on 5 May 2017.

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, National Breweries, United Bottlers and Chibuku Breweries 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 distributed 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. INTEREST IN ASSOCIATED COMPANIES

Associated companies relate to investments 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 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	9.1	—	—	1 797	—	**1 797**
Payment of dividends	21.4	—	—	—	(45 736)	**(45 736)**
At 1 April 2016		12 310	33 074	5 985	72 854	**124 223**
Profit for the year		—	—	—	66 675	**66 675**
Other comprehensive income for the year, net of tax		—	—	—	—	**—**
Total Comprehensive Income for the year		—	—	—	66 675	**66 675**
Transactions with owners:						
Share options exercised		12	783	—	—	**795**
Share buy back	17.5	(100)	(1 813)	—	(5 285)	**(7 198)**
Transfer from share options reserves		—	—	(239)	239	**—**
Recognition of share based payments	9.1	—	—	1 643	—	**1 643**
Payment of dividends	21.4	—	—	—	(49 162)	**(49 162)**
At 31 March 2017		12 222	32 044	7 389	85 321	**136 976**

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH

	2017 US$'000	2016 US$'000
Cash flow from operating activities		
Profit before tax	66 675	58 340
Less dividends to be included as investing activities	(66 675)	(58 340)
Cash generated from trading	—	—
Increase in working capital	(11 038)	(2 336)
Cash generated from operating activities	(11 038)	(2 336)
Net cash flow utilised in operating activities	(11 038)	(2 336)
Cash flow from investing activities		
Increase in other investments	(134)	—
Dividend received from associate	110	423
Purchase of shares in associate	—	(5 372)
Dividend received from subsidiary	66 627	57 917
Net cash generated from investing activities	66 603	52 968
Cash flow from financing activities		
Dividend paid	(49 162)	(45 736)
Increase in shareholder funding	795	1 205
Share buy back	(7 198)	(6 101)
Net cash utilised in financing activities	(55 565)	(50 632)
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

	2017	2016
SHARE PERFORMANCE		
PER SHARE (US cents)		
Attributable earnings	5,70	6,49
Diluted earnings	5,69	6,48
Cash equivalent earnings	8,24	9,53
Dividends	5,45	4,70
Cash flow	10,85	12,20
Net asset value	41,11	39,53
Closing market price (US cents)	86,00	56,50
ZSE industrial index	138,99	97,61
SHARE INFORMATION		
In issue (m's)	1 244	1 244
Market capitalisation (US$000's)	1 070 110	699 927
Trading volume (m's)	99	78
Trading percentage (%)	7,96	6,27
RATIOS AND RETURNS		
PROFITABILITY		
Return on equity (%)	13,87	16,41
Income after taxation to total capital employed (%)	13,87	16,41
Pretax return on total assets (%)	12,56	15,21
SOLVENCY		
Short term debt to total Shareholders' funds (%)	11,91	13,32
Interest cover (times)	12	17
Total liabilities to total Shareholders' funds (%)	39,74	42,70
LIQUIDITY		
Current assets to interest free liabilities & short-term borrowings	1,95	3,13
PRODUCTIVITY		
Turnover per employee ($000's)	107	115
Turnover to payroll (times)	6,00	6,25
OTHER		
Number of shareholders	6 370	6 421

SUSTAINABLE DEVELOPMENT REPORT

OUR PURPOSE

"...and growing our business sustainably for the betterment of our employees and communities".

We continue to adjust the key pillars of our sustainability framework to ensure their alignment to the UN Sustainable Development Goals (SDGs).

Our Group is a multi-beverage business with a focus on 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 more than US$563 million of economic value as measured in terms of sales billings. We distributed this value to employees, shareholders and investors, lenders, suppliers, 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 strive for a Better, Brighter World so that as we strengthen our business we also contribute to society.

The challenges that we face require that we work in partnership with others to find and implement solutions.

Our program borrowed from that of the former SABMiller Plc's Prosper framework which has now been integrated into the Anheuser-Busch InBev's (AB InBev) Better World strategy under the theme "Bringing People Together for a Better World". This summarises the UN Sustainable Development Goals (SDGs) into three pillars:

- A GROWING WORLD, where everyone has an opportunity to improve their livelihood;
- A CLEANER WORLD, where natural resources are shared and preserved for the future; and
- A HEALTHIER WORLD, where every experience with beer is a positive one, for lives well lived.

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.

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

GROWING WORLD

"We want a growing world where everyone has the opportunity to improve their livelihoods. And that means accelerating growth and social development across our value chain – from our growers to our retailers. We aim to build local programs that promote innovation, entrepreneurship and productivity."

SUPPORTING LOCAL COMMUNITIES

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, providing direct employment to over 4 800 people and indirectly by supporting livelihoods through both our upstream and downstream value chain partners in sourcing inputs and the 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.

The Company continues to support the construction of learning facilities at primary schools in marginalized areas; the project for 2016 was at Mutsamvu Primary School in Chimanimani - eastern Zimbabwe. 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 62 learners. We had a total of 5 learners graduating from local universities in 2016. The alumni from this scheme have been enlisted to become mentors under a Peer-to-Peer Mentorship Program. This is a platform for former bursary beneficiaries to encourage current beneficiaries to excel in their endeavors.

The Company responds to disasters, provide humanitarian relief as well as ad-hoc requests for donations. Where we can, we support worthy causes in order to deliver positive change in the communities where we operate. These programs are guided by the Group's ethics and donations policies which 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

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

SUPPORTING WOMEN THROUGH THE COCA-COLA GLOBAL 5 BY 20 INITIATIVE

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. Over 1 000 women have been trained so far.

The female managerial employees of the Coca-Cola system in Zimbabwe participate in 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 program also challenges women to work for their communities as volunteers. Women's Linc Zimbabwe ran a "Feed a Child and Keep Them in School" campaign in which food packs were donated to Cheuchi Primary School in Mashonaland West province.

WHY AGRICULTURE MATTERS TO US

As a beverage manufacturer, we need agricultural crops to brew our beers and as sweeteners of our soft drinks. We are creating secure, sustainable supply chains both for malting barley, maize and sorghum including key agricultural raw materials such as sugar and juicing fruits. We are helping farmers increase profitability, productivity and social development while reducing environmental impact.

We support over 9 000 subsistence farmers to grow sorghum for use in brewing our sorghum and Eagle Lager beer. The longstanding barley contract scheme which was disrupted in 2015 resumed in 2016 with an intake of 10 063 tonnes of barley. The scheme has been scaled down due to the depressed lager beer sales and the loss of malt export markets due to uncompetitive barley and malt prices.

SUPPORTING SMALL RETAILERS

The Retailer Development Programme is designed to equip our retailers, particularly the small sized outlets, with basic business management skills to help improve their businesses and incomes.

A total of 700 retailers were trained in 2016 covering the key modules such as financial management, product handling, understanding a beer business and responsible retailing and environmental awareness. The company's contribution to the development of the retail sector was recognised by the Confederation of Zimbabwe Retailers with a Corporate Social Responsibility Award.

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

HEALTHIER WORLD

We aspire for a healthier world where every experience with beer is a positive one. We are passionate about brewing great beers for our consumers to enjoy, but not all the drinking choices of our consumers are the right ones all the time. The harmful use of alcohol remains an issue of significant concern to governments, society and to us"

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. Our efforts include programs that shift social norms and behaviours around harmful alcohol use and therefore empower consumers to make smart drinking choices.

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, initiatives that combat drinking and driving, underage drinking and disorderly conduct and that help is offered to people that are at risk.

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

INFLUENCING SOCIAL NORMS AND BEHAVIOUR

RESPONSIBLE CONSUMPTION
Working with 11 universities in Zimbabwe under the BOOST Fellowship, Enactus under which tertiary students undertake projects that communicate and advance behaviour change around alcohol in their communities and at their campuses.
UNDERAGE DRINKING (PLEDGE<18)
Pledge <18, Launched in 2015, is a programme that advocates against underage drinking while driving the commitment of young people to this cause through signing their pledges. This also partners ZIMPACT, BOOST and National Blood Services.

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

HEALTHIER WORLD *(continued)*

TOGETHER FOR SAFER ROADS

ROAD SAFETY
Road Safety remains topical in Zimbabwe particularly as it relates to traffic accidents attributed to human error and speeding, of which the influence of alcohol is a notable factor. We therefore work collaboratively with our industry association, ZABMA and the Traffic Safety Council of Zimbabwe in "Taming the Traffic Jungle". The concept of a designated driver was successfully used at some musical events in a partnership with ZIMPACT.
We intensified our Respect the Road campaign which is aimed at equipping our heavy and light motor vehicle drivers to deal with hazards encountered behind the wheel, to keep them safer and contribute to overall road safety.

RESPONSIBLE RETAILING AND CONSUMPTION

RESPONSIBLE RETAILING

- We enlist the support of our retailers in advocating for responsible alcohol consumption through our retailer training program.
- Collaboration with local authorities, the Liquor Licensing Board and the police to ensure compliance to the trading regulations.
- Contribution to development of alcohol policies.
- Guidance to retailers, advertising agents and the media on alcohol communication and advertising.

STRENGTHENING OUR INTERNAL GOVERNANCE SYSTEMS

- Training employees in the Alcohol Intelligence Quotient (AIQ) and the Alcohol Behaviour & Communication (AB&C) Programmes.
- 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.
- Placing age gates on all websites that link to information on alcoholic products and reference to the website www.talkingalcohol.com.

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 the world.

talking alcohol.com

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

Cleaner World

Climate change has far-reaching consequences for our business and the communities where we live and work, from water scarcity and energy constraints to reduced food security and increased health risks. Our own factory emissions, the packaging and trade refrigeration of beverages, all have a significant carbon footprint. We therefore strive for a cleaner world where natural resources are shared and preserved for the future.

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 and to conserve water.

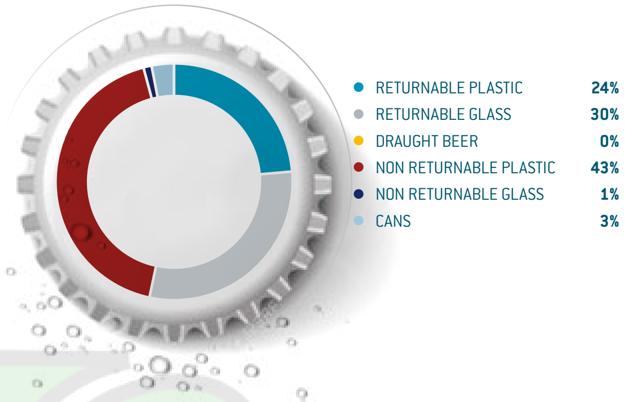
- **RETURNABLE BOTTLES: EMBEDDING THE CULTURE OF REUSE.** The Group believes in the use of returnable glass bottles as a trusted and effective way to reduce the environmental impact of our packaging as they are much more resource efficient than the one-way packages such as cans and PET.

  The growth of the contribution of sorghum beer packaged in PET has increased the need for sustainable solutions to reduce litter from used primary packages such as PET and cans. We are working collaboratively with the environmental agency (EMA), local authorities and other environmental groups to intensify the education of consumers on segregation of litter, placement of litter in bins and general consciousness on 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 can absorb all material that is recovered and delivered to it. This has now created income generating opportunities for waste collectors.

We continued with the Make A Difference (MAD) campaign 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.

VOLUME SPLIT BY PACK TYPE % (2017)



- **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.
- **INJECTING CO2- BASED HFC-FREE COOLERS:** We continue to replace HFC refrigerants in our coolers; reducing global warming potential and energy demand. This also includes use of solar powered and low energy demand equipment.
- **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)

Our People

Our people are what matters most. They are the ones committed to achieving our goals. We recruit, develop and retain colleagues we believe can make us a better company, a company that will last.

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.

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 minimizing the risk of accidents, injury and exposure to health hazards for all our associates and contractors. The safety initiatives were revamped with the launch and implementation of the Act10n program whose key message in Safety Begins with ME, a realisation of the need for each employee to take responsibility for their own safety.

. We raised money through the sale of orange ribbons and shoe laces on behalf of Kidzcan.

- **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.

SUPPORT FOR CANCER INTERVENTION

Cancer is identified as one of the growing health menaces in Zimbabwe. We play our part in contributing to Cancer related initiatives through the Cancer Association and KidzCan (Paediatric Cancer support). We also work with partners to raise awareness for screening and early detection and facilitate bringing screening services to our employees.

DELTA CORPORATION LIMITED Annual Report 2017

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

- **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 employees 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.

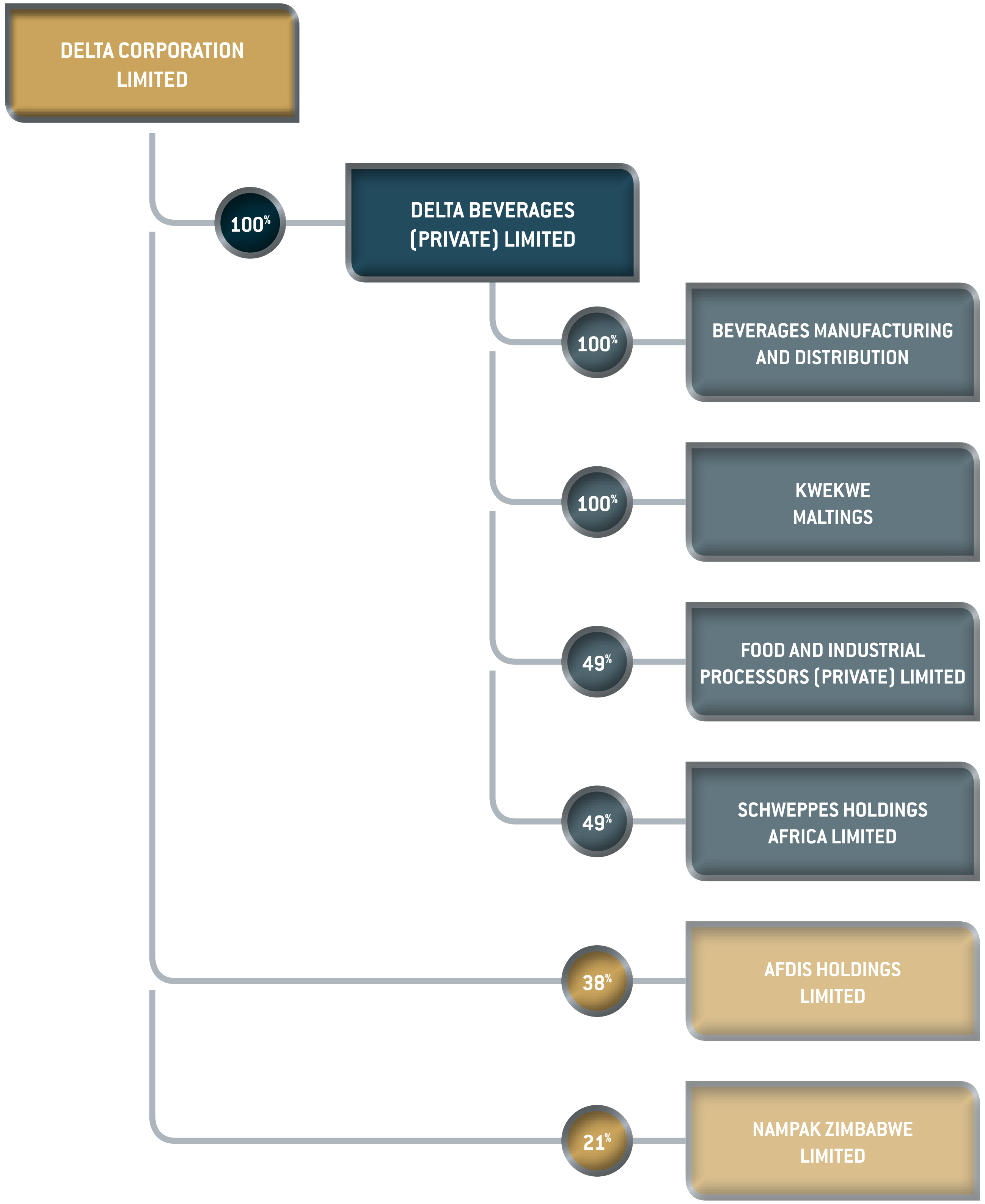
- **ATTRACTING AND RETAINING TALENT:** The business operates in a contracting economy which has reduced its capacity to create new jobs and offer new promotional opportunities. We however maintain focus on career development for our employees, whether in their current or for future roles noting that 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 10 706 man hours of training to employees. The Group has maintained the annual intakes to the various apprenticeship and internship programmes. 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.

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

DELTA CORPORATION LIMITED Annual Report 2017

GROUP STRUCTURE



Delta Corporation Limited, its 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: 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,
Sprite Zero, 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 AFRICA LIMITED
Bottling of Non-carbonated cordials,
2 Plants Mazoe, Calypso, Ripe & Ready, Still Water,
Minute Maid, Fuze Tea

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

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

FOOD AND INDUSTRIAL PROCESSORS (PRIVATE) LIMITED
Wholesale distributor of starches and glucose

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

PETRECOZIM (PRIVATE) 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 Officer	BSc Econ (Hons); MBL ¤
M M Valela - Finance Director	B Tech (Accounts); CA(Z)
NON-EXECUTIVE DIRECTORS	
S J Hammond	B. Comm; 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	B.Sc; MA; Phd; MIPMZ; Mzim
T N Sibanda	B Acc; CA(Z) *
R Tadeu Soares	LLB; LLM

* Member of the Audit Committee ¤ Member of the Remuneration Committee

GROUP MANAGEMENT	COMMITTEE	
P Gowero	BSc Econ (Hons); MBL * ¤	Chief Executive Officer
M M Valela	B Tech (Accounts); CA(Z)	Executive Director - Finance
E R Mpisaunga	B.Sc (Hons)	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/Group Treasurer
C D Malaba (Mrs)	B Acc(Hons) B Compt; CA(Z)/SA	Supply Chain Director
D Mange	B.Sc; MBL	Information Technology Director
Dr M G Nyandoroh	B.Sc (Hons); M.Sc; Phd	General Manager - Lager Beer
M Pemhiwa	BSc Psych; MBA	Human Resources Director
T Rinomhota	BSc Eng; MBA	General Manager - Sorghum Beer

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 was recently the 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 (Afdis & Nampak) and Seed Company of Zimbabwe.

3 HOPE CYNTHIA SADZA
BSc; MA; PhD; MIPMZ, IODZ, MZIM

Prof Hope Sadza joined the board in June 2007. She is a co-founder and Vice Chancellor of the Women's University in Africa since 2002. She has won several academic and professional awards including the Fulbright Scholarship. Prof Sadza sits on the boards of Securico Security Services, BAT Zimbabwe, National Blood Services Zimbabwe, University of Venda, the International Association of Universities Board and several local and foreign trusts.

4 MATLHOGONOLO MOTHIBEDI VALELA
B Tech (Accounts); CA (Z)

Matlhogonolo Valela was appointed as Executive 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 .

5 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 AB InBev, 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.

DIRECTORATE

6 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, Standard Telephone & Cables and chairs the board of Axia Corporation. He retired from the position of Chief Executive of Old Mutual Zimbabwe in 2013 after serving the group for many years.

7 RICARDO TADEU ALMEIDA CABRAL DE SOARES
LLB; LLM (Havard)

Ricardo Tadeu Soares serves as the Zone President of Africa at Anheuser-Busch InBev, a role he assumed in October 2016. Most recently he served as Zone President for Mexico and CEO of Grupo Modelo, having joined AmBev in 1995. He joined the Delta board in November 2016 and sits on the boards of other AB InBev entities.

8 CHARITY CHIRATIDZO JINYA
B A Econ; DBA (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 programmes.

9 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 is the Managing Director of CABS, the banking unit of Old Mutual and has held various senior 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. He is also member of the board of governors at Peterhouse Group of Schools.

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 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 including PPC South Africa and is currently non-executive chairman of National Foods and PPC Zimbabwe. Todd participates in several 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.

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 re-joined the Group in 1995 and has held various senior management positions within the Sorghum and Lager Beer Divisions. Having initially joined the Group in 1984, he left for a while during which period he worked for Coca-Cola Central Africa for three years.

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 Zimnat Life Assurance and Leonard Cheshire Disability Trust of Zimbabwe.

5. ALEX MAKAMURE – B.ACC (HONS); CA (Z)
Company Secretary/ Group Treasurer
Alex was appointed as Company Secretary in January 2006.
He is currently also responsible for corporate and legal affairs, group accounting and tax administration. 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, chairing the audit committee.

6. 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.

7. 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.

GROUP MANAGEMENT COMMITTEE

8. TICHAFA RINOMHOTA – BSC ENG; MBA
General Manager – Sorghum Beer Business
Tichafa Rinomhota was appointed the General Manager – Sorghum Beer in April 2017. He was recently the Group Technical Director since 2011. He also has functional responsibility for the Malting business unit. 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.

9. 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 Southern Region in April 2011. She sits on the board of The Culture Fund and is a member of the Business Council for Sustainable Development Zimbabwe.

10. 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.

11. DAVISON MANGE – BSC (UZ); MBL (UNISA)
Information Communications Technology Director
Dave Mange was appointed to Director Information Technology in 2011.
He joined the Group through the IT Internship programme in 1990. He has held various management positions covering business systems and computerisation before his appointment as General Manager - Information Technology in 2007.

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN THAT THE 70TH 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 28 JULY 2017 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 2017, together with the Report of Directors and Auditors thereon.

2. **To appoint Directors**
   Mr Ricardo Tadeu Soares retires at the end of his interim appointment and will offer himself for re-election. Prof H C Sadza and Messrs C F Dube, S J Hammond, L E M Ngwerume and T N Sibanda are due to retire by rotation. All being eligible, they will offer themselves for re-election.

3. **Directors Fees**
   To approve the directors' fees for the financial year ended 31 March 2017.

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 5% (five percent) above and 5 (five 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

30 June 2017

SHAREHOLDERS ANALYSIS

SIZE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS	%	ISSUED SHARES	%
1 to 5 000	5 054	79,3	4 425 407	0,4
5 001 to 10 000	319	5,0	2 261 267	0,2
10 001 to 25 000	318	5,0	5 115 927	0,4
25 001 to 50 000	179	2,8	6 336 165	0,5
50 001 to 100 000	142	2,2	10 083 587	0,8
100 001 to 500 000	211	3,3	50 487 773	4,0
Over 500 000	147	2.4	1 164 740 923	93,7
	6 370	100,0	1 243 451 049	100,0
CATEGORY				
Local Companies	767	12,0	128 567 251	10,3
Foreign Companies	7	0,1	496 278 158	40,0
Pension Funds	357	5,6	140 648 634	11,3
Nominees, local	93	1,5	598 224	0,1
Nominees, foreign	112	1,8	291 722 122	23,5
Insurance Companies	42	0,7	6 453 393	0,5
Resident Individuals	4 436	69,6	170 646 956	13,8
Non Resident Individuals	202	3,2	1 760 830	0,1
Investments & Trusts	225	3,5	2 950 578	0,2
Fund Managers	50	0,8	2 344 860	0,2
Deceased Estates	77	1,2	464 716	0,0
Other Organisations	2	0,0	15 326	0,0
	6 370	100,0	1 243 451 049	100,0

Included in the category of 'over 500 000 shares' is Delta Employee Participation Trust Company (Private) Limited which holds 14 378 711 shares on behalf of 2 650 employees who participate in the scheme.

TOP TEN SHAREHOLDERS

SHAREHOLDER	2017	%	2016	%
SABMiller Zimbabwe BV (NNR)*	281 951 325	22,7	281 951 325	22,7
Stanbic Nominees (Pvt) Ltd NNR	269 055 501	21,6	312 440 839	25,1
Rainer Inc.*	193 137 519	15,5	193 137 519	15,5
Old Mutual Life Assurance Co.**	141 133 519	11,4	138 945 997	11,2
Old Mutual Zimbabwe Ltd**	36 153 890	2,9	36 153 890	2,9
Standard Chartered Nominees - NNR	34 975 184	2,8	33 949 197	2,7
Browning Investments NV*	22 178 835	1,8	22 178 835	1,8
National Social Security Authority (NPS)	21 424 933	1,7	21 461 214	1,7
Delta Corporation Limited	21 218 614	1,7	13 376 978	1,1
Delta Employees Share Participation Trust Co.	14 378 711	1,2	14 411 211	1,2
Other	207 843 018	16,7	176 306 970	14,2
	1 243 451 049	100,0	1 244 313 975	100,0

SHAREHOLDERS ANALYSIS (CONTINUED)

MAJOR SHAREHOLDERS	2017	%	2016	%
Old Mutual**	177 287 409	14,2	175 099 887	14,0
SABMiller*	497 267 679	40,0	497 267 679	40,0
	674 555 088	54,2	672 367 566	54,0
RESIDENT AND NON-RESIDENT SHAREHOLDERS				
Resident	442 212 272	35,6	412 201 580	33,1
Non-Resident	801 238 777	64,4	832 112 395	66,9
	1 243 451 049	100,0	1 244 313 975	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 2016	67,0
30 September 2016	60,0
31 December 2016	88,5
31 March 2017	86,0

PRICE RANGE:

Highest: 13 December 2016	94,0
Lowest: 15 June 2016	50,0

CALENDAR

70th Annual General Meeting	28 July 2017
Financial Year End	31 March 2018
INTERIM REPORTS:	**ANTICIPATED DATES:**
6 months to 30 September 2017	November 2017
12 months to 31 March 2018 and Final dividend declaration	May 2018
Dividend Payment Date – final	June 2018
Annual Report Published	July 2018

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

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