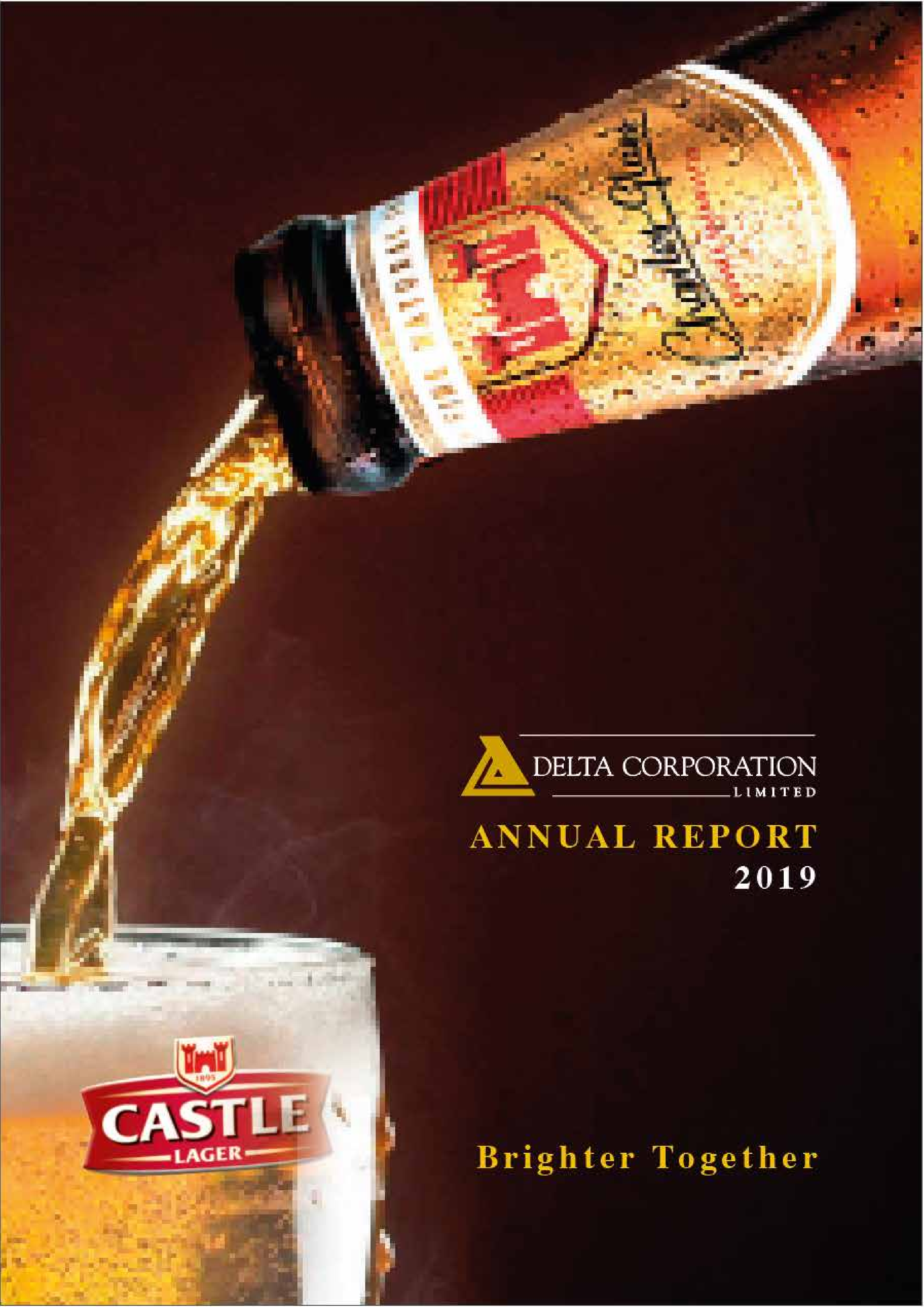


DELTA CORPORATION
LIMITED

ANNUAL REPORT
2019

Brighter Together

BRIGHTER TOGETHER

OUR VISION

To be the most admired Beverage Company in the Region.

OUR MISSION

We bring enjoyment and refreshment to our consumers by nurturing 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

CONTENTS

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

OUR MISSION IS TO BRING ENJOYMENT AND REFRESHMENT TO OUR CONSUMERS BY NURTURING 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 brighter 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

SUPPLEMENTARY **INFORMATION**

SHAREHOLDER **INFORMATION**

EMPLOYEE DECLARATION

As an employee of Delta Corporation....

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

VALUES **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

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

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

ACCOUNTABILITY IS **CLEAR AND PERSONAL**

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

WE UNDERSTAND AND **RESPECT OUR CUSTOMERS AND CONSUMERS**

- We are endlessly concerned with our customers' needs and perceptions
- We build lasting relationships, based on trust
- We aspire to offer the preferred choices of product and service
- We innovate and lead in a changing world

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**

WE ARE DELTA CORPORATION BRIGHTER TOGETHER

COMPANY **PROFILE** (continued)

Delta Corporation is a modern Zimbabwean company poised for growth in all facets of its business.

It is principally a beverages company with a diverse portfolio of local and international brands in lager beer, traditional beer, Coca-Cola franchised sparkling and alternative non-alcoholic beverages. The Coca-Cola franchise covers the activities of associate entity Schweppes Holdings Africa Limited which focuses on cordials, juice drinks, water and downstream agricultural value chain activities such as Beitbridge Juice Company and Best Fruit Processors. The alcoholic beverages portfolio also includes African Distillers Limited, which manufactures wines, spirits and ciders, which is now reported as a subsidiary following the acquisition of an additional stake in November 2018.

The Company has been listed on the Zimbabwe Stock Exchange since 1946, initially as Rhodesia Breweries Limited. Its origins, however, date back to 1898 when the country's first brewery was established on 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 1 January 2018, the Company acquired a majority stake in National Breweries Plc, a Zambian traditional beer entity which is listed on the Lusaka Stock Exchange. This could be a start of a journey to consolidate the traditional beer franchises and businesses in the region, a sector in which the Company boasts of significant competences. The Company is currently engaged in a process to acquire a leading South African traditional beer business.

PRINCIPAL RISKS UPDATE

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

Unfavourable general economic and political conditions in the country

The economic environment continues to deteriorate and this increases the overall risk of doing business. The political environment, although peaceful, remains turbid. The general election held in July 2018, though peaceful, was contested and did not receive the full endorsement of the international observer missions. The character of the current administration was severely dented by the military interventions in quelling the post-election demonstrations of August 2018 and suppressing the violent reactions to fuel price increases in January 2019.

The fiscal and monetary policies implemented in 2018 and early 2019 have set the country on an uncertain path; tight budgetary control in line with the Transitional Stabilisation Plan, removal of subsidies and distortions, reforms of state owned enterprises etc. The key development relates to the formalisation of the RTGS$ as the functional and reporting currency and introducing an inter-bank market for the RTGS$ to foreign currency. This change actualised the debasing of monetary assets at significant cost to businesses with foreign currency exposures.

A scarcity of foreign currency in the economy persists, giving rise to constrained supplies of imported materials and services, disrupting production operations hence escalating business continuity risks.

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 and media messages and the marketing, labelling, packaging or sale of these beverages which could impact on business performance.

Product Safety and Quality Issues and Trademarks

Our success depends largely on our ability to maintain and enhance the image and reputation of our brands or 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. Certain trademarks are subject to contractual arrangements with third parties.

Increased Competitor 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 cost, price and import duty disparities in Zimbabwe compared to the region will put pressure on local pricing of certain brands and packs. We continue to strengthen our capabilities in marketing and innovation and to review value chain costs.

PRINCIPAL RISKS UPDATE (continued)

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, exchange control and bank use policies which affect the access to hard currency and local bank notes thereby impacting on our ability to supply product and the ability of consumers to purchase our products.

c) Distorted Currency and Asset Values

The Monetary Authorities formalised the RTGS$ as the reporting currency to trade alongside a basket of international currencies which remain legal tender under the multi-currency system. The distortions in the exchange rates used by market players in setting prices of goods and services which are based on the manner and form of payment; whether in local bond notes, via an electronic payment platform or foreign currency notes or transfer; makes it difficult to establish the true value of products and of the local RTGS$.

Environmental Management Policies

There is increasing concern and changing attitudes about solid waste streams and environmental responsibility with authorities advocating for 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

The Group normally has 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. Losses could arise from the 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

	2019	2018	2017	2016	2015
GROUP SUMMARY (RTGS$'000)					
Revenue	**722 384**	572 227	482 968	538 198	576 552
Earnings before interest, tax, depreciation and amortisation	**212 385**	134 103	112 758	128 928	143 168
Profit after tax	**143 234**	88 508	69 885	80 089	92 800
Attributable earnings	**140 661**	88 829	69 885	80 089	91 943
Net Funds	**110 203**	236 080	113 334	101 016	63 611
Total Assets	**1 349 911**	837 400	704 089	696 238	663 665
Market Capitalisation	**2 853 368**	1 995 488	1 070 110	699 927	1 304 697
SHARE PERFOMANCE (RTGS cents)					
Earnings per share:					
Attributable earnings basis	**11,19**	7,22	5,70	6,49	7,44
Cash equivalent earnings basis	**18,21**	10,08	8,24	9,53	10,13
Cash flow per share	**20,18**	18,00	10,85	12,20	11,25
Dividends per share	**14,00**	7,20	5,45	4,70	3,65
Net asset value per share	**61,58**	40,37	38,81	39,53	36,96
Market price per share	**225,00**	158,75	86,00	56,25	105,00
FINANCIAL STATISTICS (%)					
Return on equity (%)	**18,24**	17,88	14,69	16,41	20,14
Operating margin (operating income to net sales) %	**28,34**	20,75	19,07	20,00	22,08

Note: The comparatives for 2018 and prior years were reported in US$.

FINANCIAL HIGHLIGHTS (continued)

for the year ended 31 March

OPERATING INCOME

INCREASED BY 68% TO

RTGS$175,5 million

EBITDA

INCREASED BY 58% TO

RTGS$212,4 million

EARNINGS PER SHARE

INCREASED BY 55% TO

RTGS11,19 CENTS

ATTRIBUTABLE INCOME

INCREASED BY 58% TO

RTGS$140,7 million

REVENUE

INCREASED BY 26% TO

RTGS$722,4 million

CHAIRMAN'S LETTER TO SHAREHOLDERS

DEAR STAKEHOLDER

The last year was a tale of two trading halves. The first half which covered the pre- and post-election period, was characterised by initial positive consumer sentiment, expansionary monetary and fiscal policies that drove consumer spending. The shortage of foreign currency became more pronounced in the second half, thus compromising product supply.

The fiscal and monetary policies implemented between October 2018 and February 2019 have significantly altered the trading environment. Of particular note is the 2% transaction tax, the adoption of the local currency (RTGS$) as the functional currency and the introduction of an exchange rate for the RTGS$. The cost of hard currency continues to escalate thereby driving inflation.

The acute shortage of foreign currency persists despite the introduction of the inter-bank foreign exchange market. We have outstanding foreign creditors and loans, the bulk of which are overdue. We remain engaged with our counter parties in this regard.

The Board is concerned about the company's ability to access foreign currency in order to meet its external obligations. Strategies to mitigate this challenge are ongoing including contracting for additional barley to generate exports.

CURRENCY CHANGES

The Monetary Authorities introduced the RTGS$ as the transactional and functional currency on 22 February 2019. The financial statements have been translated from the USD currency in line with the provisions of the international financial reporting standards and as informed by Statutory Instrument 33 of 2019 (SI33/19). The Board has therefore rebased assets and liabilities to reflect this change of currency as is more fully covered in the notes to the financial statements. The Board advises users of these financial statements to exercise caution especially on the Statement of Profit or Loss and Other Comprehensive Income which complies with SI33/19 but is not in line with International Accounting Standards as it is a summation of different currency values at the time of trade.

In light of the failure to fully comply with the requirements of IAS21, "The Effects of Changes in Foreign Exchange Rates", the Company's External Auditors have issued an adverse opinion on the Financial Statements for the year ended 31 March 2019.

TRADING PERFORMANCE

Volume across the beverage categories benefited from the first nine months of buoyant trading where prices were stable but was constrained in the last quarter due to supply challenges and increases in wholesale and retail prices.

Lager Beer

Lager beer volume was up by 31% on prior year. The volume achieved was at par with the historical peak of F13. This was achieved through stable pricing, steady production output and extensive distribution. Both the mainstream and premium categories registered growth driven by Zambezi Lager and Castle Lite.

Sorghum Beer (Zimbabwe)

Sorghum beer achieved a volume growth of 5% above prior year as demand for the category remained firm despite the cost pressures on imported packaging materials, spares and the repricing of agricultural cereals in the fourth quarter. Chibuku Super contributed 85% of the total category volume. The demand for Chibuku Super exceeded the installed production capacity. There are plans to build a modern brewery at a new site at Rusape in the coming year.

Sparkling Beverages

The Sparkling beverages volume declined by 44% compared to prior year. The growth registered in the first half of the year was reversed by the lack of product in the second half. The division was adversely affected by severe foreign currency constraints particularly after the monetary policies of October 2018. The division was virtually closed in the last quarter of the year due to critical raw material outages. The Company has since worked with its partner, The Coca-Cola Company to restore normal operations.

CHAIRMAN'S LETTER TO SHAREHOLDERS (continued)

National Breweries (Zambia)
The Sorghum beer volume at National Breweries Plc in Zambia (Natbrew Plc) was flat on prior year. The volume trends remain variable against both formal and informal competitor activity which has alternative subsistence offerings. The entity continues to explore opportunities of stabilising volume performance and operational efficiency.

African Distillers Limited
The Group's effective shareholding in Afdis increased to 50,37% hence the entity has been consolidated as a subsidiary. The business continues to perform well given the economic constraints.

Associates – Entities
Schweppes Holdings Africa Limited
Persistent foreign currency shortages hampered the trading performance of Schweppes. Though long lead times in procuring critical inputs and pricing distortions hampered trading, the financial performance was satisfactory.

Lager beer volume was up by **31%** on prior year.

Nampak Zimbabwe Limited
Demand across operating units of the business was firm despite the challenges of securing critical imported inputs. Profitability was aided by good volume growth and cost containment measures adopted across the group.

FINANCIAL PERFORMANCE

The Group achieved Earnings Before Interest and Tax of RTGS$175,5 million which was up 68% on prior year driven by the domestic beer segment. Net funding of RTGS$110,2 million was after the early payment of the final and special dividends in March 2019 reflecting good cash generation, limited capital expenditure and the delays in settling foreign obligations. Although cash covered, the Group foreign currency exposure of US$85 million included in the short and long term payables remains a concern given the instability of the RTGS$ currency and constraints in accessing hard currency. The financial statements reflect a currency change on 22 February 2019. The exchange rate movement after that date has been booked as an exchange loss which offsets the interest earnings to net finance cost.

ACQUISITION OF UNITED NATIONAL BREWERIES (PTY) LIMITED SA

The Company announced on 21 December 2018 that it had entered into binding agreements to acquire the 100% stake currently held by Diageo Plc in United National Breweries Proprietary Limited (South Africa), (UNB). UNB is the leading brewer of traditional beer and owns the Chibuku brand in that country. Efforts are underway to finalise the transaction per agreed timeframes.

THE COCA-COLA BOTTLER'S AGREEMENT

Shareholders are reminded that the Company is trading under a cautionary issued with respect to the notice received from The Coca-Cola Company (TCCC) advising of an intention to terminate the Bottler's Agreements with the Group entities (Notified Intention). This followed the merger of AB InBev and SABMiller Plc in October 2016 and the subsequent agreement in principle reached between TCCC and AB InBev to explore options to restructure the bottling operations in a number of countries. There are ongoing discussions amongst the parties that are expected to result in the withdrawal of the notified intention.

DIRECTORATE

The Board of Directors welcomes Mrs Emma Fundira and Ms Lucia Adele Swartz who were appointed to the Board on 1 January, 2019. Mr Ricardo Tadeu Almeida Cabral de Soares resigned as a director of the Company following his reassignment to a different role within AB InBev. The Board bids farewell to Professor Hope Sadza who retired from the Board after serving for 11 years. We thank both for their valuable contributions to the Company.

OUTLOOK

The economy is in transition with Government pursuing a stabilisation plan which is expected to improve the fortunes of the nation. The Company will endeavour to do its part in support of the economic recovery. In the meantime the reduced disposable income and difficult operating environment has resulted in subdued trading at the front end of the new year. The Board will continue to deploy strategies that protect the Company and its stakeholders and to deliver value to all.

DIVIDEND

With the changed currency environment the Board declared and paid quarterly dividends amounting to 9,5 cents per share and a special dividend of 4,5 cents per share giving a total dividend of 14 cents per share at RTGS$177 million. The special dividend was paid from accumulated reserves.

For and on behalf of the Board

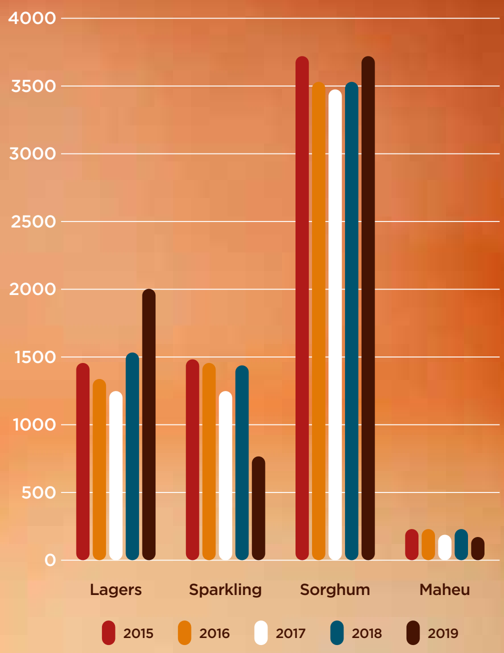
CF Dube
Chairman
16 May 2019

REVIEW OF **OPERATIONS**

BEVERAGE BUSINESS **OVERVIEW**

The beverage volume across the categories benefited from the first nine months of the year when the Group maintained stable pricing. This was primarily enabled by the access to foreign currency through the formal banking channels and tight management of value chain costs. The business benefited from the increased throughput and economies of scale.

BEVERAGE VOLUME PERFORMANCE - HLS'000



REVIEW OF **OPERATIONS**

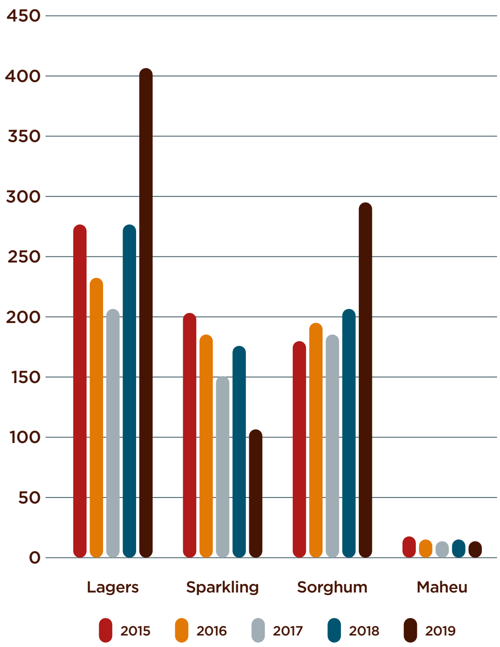
BEVERAGES BUSINESS OVERVIEW

The pricing distortions in the economy became more pronounced following the significant policy shifts in monetary and fiscal policies in October 2018, which led to the resurgence of currency valuation induced inflation.

The first half of the year benefited from the general election related spending and the positive national mood following the political changes of November 2017, activities that spurred consumption of beverages. The exception was on sparkling beverages which were constrained by the shortages of key raw materials.

The last quarter of the year witnessed the frequent adjustment to retail prices in response to resurgent inflation and the formalisation of the RTGS$ currency at a fraction of the US$. The monetary policy changes in February 2019 eroded aggregate demand. The supply of the beverages was further constrained by the challenges in obtaining imported raw materials and services due to the limited access to hard currency.

BEVERAGE GROSS REVENUE - RTGS$'MILLION



The unstable local currency resulted in distorted and disparate retail prices in the trade as retailers sought to protect their margins and working capital by aggressive replacement cost pricing which drove our products beyond the reach of the consumer.

OPTIMISING OUR ROUTE TO MARKET

The pursuit of distribution efficiencies is anchored on pre-sales and the dynamic routing platform for our delivery trucks. The sales representatives and telesales officers are the first line of contact with our customers in sales order generation. The distribution team which has at its disposal more than 400 trucks and trailers ensures the timeous delivery of the customer orders. Value chain partners play a critical role in ensuring a pleasant final consumer experience. We thus continue with the Retail Development program to ensure proper product handling, improve consumption outlet ambience, proper cooling facilities and a financially viable business for the entrepreneur. We are particularly pleased that the training of our value chain partners in post consumer waste management is delivering to expectation.

400 trucks and trailers

The distribution team which has at its disposal more than 400 trucks and trailers ensures the timeous delivery of the customer orders.

REVIEW OF OPERATIONS

LAGER BEER BUSINESS

The Lager beer volume achieved in F19 of 2,0 million hectolitres was at par with the historical peak recorded in F13. All our brands and packs contributed positively to the 31% volume growth over prior year. The Company maintained stable pricing for the first nine months of the year on the back of foreign currency availability from the formal banking system and access to supplier credit.

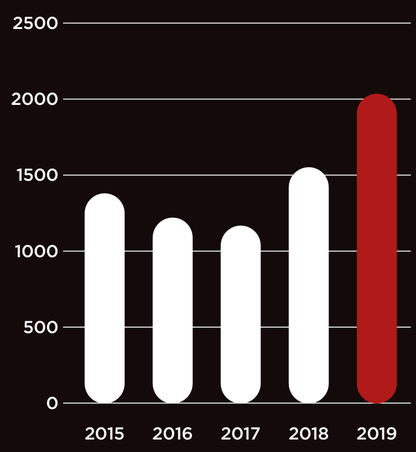
The affordable pricing drove volume as consumers perceived our products as better value for money compared to other goods and services. The business benefited from increased economies of scale and improved its earnings. The Mainstream Category comprising the flagship brands Castle Lager and Carling Black Label recorded double-digit growth, driven by quart pack. There was also a significant uplift in the Premium Category mainly buoyed by Zambezi Lager and Castle Lite.

We extended our pack offering by launching Castle Lite in a 660ml returnable bottle.

The manufacturing platform was stable and responded well to the high demand witnessed during the year. There were intermittent shortages of one way packs arising from challenges in importing packaging materials on account of foreign currency shortages.

Our brands continue to achieve high quality scores as benchmarked against our peers in the AB InBev Group.

LAGER BEER VOLUME PERFORMANCE - HLS'000



REVIEW OF **OPERATIONS**

LAGER BEER BUSINESS (continued)

OUR BEER BRANDS IN THE COMMUNITY

Our sustained interaction with consumers through sports and arts is yielding encouraging results. Young talent is nurtured and developed while lubricating the social platforms that benefit communities.

Soccer is supported by Castle Lager as the anchor sponsor of the Premier Soccer League. Two consumers won tickets to watch live matches in Russia in the 2018 Castle World Cup promotion. The promotion included in trade activations during matches and game viewings at the Castle Domes set up at various centres. FC Platinum won the Premier League trophy and were also winners of the Castle Challenge Cup. The Castle Lager Soccer Star of the Year awards were held at Cresta Lodge with Rodwell Chinyengetere of FC Platinum winning the title for the second time.

The Castle Lager brand also promoted five a side soccer through the Castle Lager 5 A-side tournament, an initiative focusing on developing the sports from grassroots which culminated in a knockout tournament. The winners of the tournament went on to represent Zimbabwe in the Castle 5 Aside Africa finals. The Zimbabwe team finished third at the regional finals held in Zambia.

The Carling Black Label Pool Tournament Finals were held at Raylton Sports Club in Bulawayo with the brand rewarding the two winners, from the men and women's divisions with a pool table, a trophy and prize money. The Carling Black Label Pool sponsorship was extended to the 2018 ZTISU (Zimbabwe Tertiary Institutions Sports Union) games. The sponsorship included providing medals and floating trophies for the tournament winners and the grand prize of two pool tables for the winning male and female teams respectively.

Zambezi Lager was the official beer at HIFA 2018. The new Zambezi Lager television commercial (TVC) based on the new campaign, "The Mighty" was aired on ZBC to increase visibility and awareness. This TVC is highlighting the Zambezi River and its tributaries which ties in with the brand's association with outdoor activities and nature. The brand remains the official beer at the Kariba Invitational Tiger Fishing Tournament and at the year-end Victoria Falls Carnival. Zambezi Lager was also the proud sponsor of the Zimbabwe Rugby Sevens Men's team, the Zambezi Cheetahs, which capped a memorable 2018 season by winning the Africa Cup in Tunisia and took part in the Rugby Sevens World Cup in the USA. Zambezi Lager had activations to pay tribute to the late National Hero, patron of the arts and music icon, Dr. Oliver Mtukudzi.

Castle Lite re-launched its thematic messages through the **"Nothing Beats Extra Cold"** and the **"Extra Cold Nights Micro Events"**.These brought pomp and excitement during the festive period.

Golden Pilsener maintained its associate sponsorship at the Old Mutual Zimbabwe Open Golf Tournament cementing its association with golf. This year Golden Pilsener was also proud to join the NOMADS golf society in celebrating 50 years of existence in Zimbabwe and celebrating a partnership that has endured during the half century.

BOOSTING COMMUNITIES THROUGH LOCAL INGREDIENTS

SORGHUM FOR EAGLE LAGER

The sorghum contract scheme continues to make a difference in the small scale farming sector by improving farming methods, encouraging enterprise and lifting the standards of living in the communities. Sufficient sorghum is harvested and delivered to our breweries to meet our requirements for the brewing of Eagle Lager which is enjoyed by the consumers at a more affordable price.

A SMART BARLEY PARNERSHIP

The Company continues to run the successful barley contracting scheme which ensures that our beer brands use the high-quality Zimbabwean barley varieties. The barley feeds into the malting plant at Kwekwe to produce barley malt for both domestic and export markets. The 2018 season saw 47 commercial farmers being contracted for barley production. The output of 33 000 metric tonnes represented a significant growth on 2017, in line with the domestic lager beer volume recovery. The barley intake was of high malting quality, demonstrating the benefits of the agronomic support offered by the Company to farmers.

REVIEW OF **OPERATIONS**

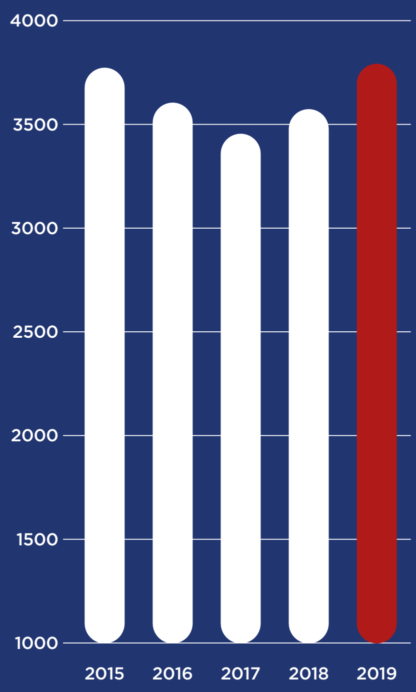
SORGHUM BEER BUSINESS – ZIMBABWE

Sorghum beer volume was up 5% compared to prior year at a total of 3,7 million hectolitres. The volume turnout was spurred by strong demand throughout the year which was buttressed by the consistent product supply. Some production outages were recorded during the year arising from challenges in accessing imported packaging, extended equipment breakdowns and intermittent supply of utilities.

The business benefited from the increased production efficiencies at the Chibuku Super plants. The sales volume slowed down in the fourth quarter due to the reduced aggregate demand post the fiscal and monetary policy changes in October 2018 and February 2019 which led to higher retail prices.

Chibuku Super contributed 82 % of the volume, which was lower than target due to shortages of imported packaging materials. There were also challenges in accessing technical support from external brewing and packaging equipment suppliers who placed the Company on stop supply due to challenges in accessing foreign currency.

SORGHUM VOLUME PERFORMANCE - HLS'000



REVIEW OF **OPERATIONS**

SORGHUM BEER BUSINESS – ZIMBABWE (continued)

The business continues to upgrade the brewing and technical skills of its employees through the Sorghum Brewing Academy (SOBA) that is run in collaboration with a leading university. This complements the specialised courses run by the institutes of brewing and packaging.

The Sorghum Beer unit has taken the lead in implementing integrated Safety, Health and Environment Management Systems based on the NOSA 5 Star Standard. Currently five breweries have attained the 5 Star rating under NOSA.

Collaboration with Traders on Liquor Licensing

The business continues to work collaboratively with the Liquor Licensing Board to assist traders to obtain and comply with liquor licensing. There are ongoing engagements with key stakeholders on the review of the licensing framework as informed by the National Alcohol Policy to engender the issues of responsible retailing and improving the ambience of the beer outlets particularly on-premise consumption bars. Particular focus is on upgrading ablution facilities around off-premises consumption outlets such as bottle stores and reduction of littering.

CHIBUKU IN THE COMMUNITY

SAFEGUARDING OUR HERITAGE.

The Chibuku brand is synonymous with sharing, friendship and our cultural heritage. The brand themes and activations focus on cementing friendships amongst consumers and their families as they enjoy the rich, smooth taste of Zimbabwe's top traditional beer. The friendship theme was communicated in various platforms. The brand has increased its use of the digital platforms as it seeks to engage with our young male and female consumers.

CHIBUKU SUPER SOCCER CUP

The brand's support and relationship with football continued to be strengthened by the running of the fourth edition of the Chibuku Super Cup that was won by Triangle FC in a final match against defending champions Harare City. The memorable cup final which was held in Triangle attracted a record crowd.

Neshamwari Traditional Dance 2018

CELEBRATING OUR CULTURE IN MUSIC

The Chibuku brand maintained its longstanding partnership with the National Arts Council and Zimbabwe Traditional Dance Association (ZNTDA) through the sponsorship of the Chibuku Road-to-Fame and Neshamwari Dance Festivals. The 2018 edition of the Neshamwari Dance Festival had a fusion of contemporary dance competitions which aimed to connect with the younger generation. The winners of 2018 Chibuku Neshamwari Dance Festival won a cultural exchange trip to China that was organised in partnership with ZNTDA and Dream Star. Chibuku Road to Fame national finals could not take place due to the health restrictions on public gatherings following the outbreak of the cholera.

CARING FOR OUR ENVIRONMENT

The Chibuku brand continues to take a leading role in creating awareness on environmental management. The "Maoko Pamwechete" campaign on PET waste management has been integrated with the group-wide "Make A Difference – Recycle" campaign with a focus on reducing littering from used PET bottles. There has been a significant increase in the recovery of used bottles as more recycling companies have found uses for the brown PET material. Our employees are taking part in the National Clean-Up Campaigns held on the first Friday of each month.

GROWING LIVELIHOODS WITH SORGHUM

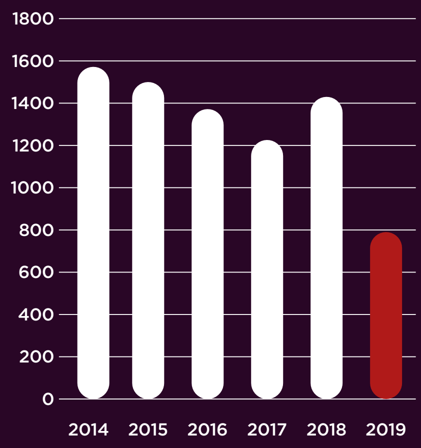
A total of 6 040 hectares were cultivated under the sorghum contract scheme in the 2018/19 season. The scheme provides cropping inputs and extension services to both commercial and communal small-scale farmers to grow sorghum for use in brewing traditional beer. Whilst this provides the company with its key raw materials, the program impacts on the livelihoods of over 7 000 families that participate in the scheme in addition to promoting the cultivation of small grains in arid and semi-arid areas.

REVIEW OF OPERATIONS
SPARKLING BEVERAGES BUSINESS

The Sparkling Beverages volume declined by 44% to 0,8 million hectolitres compared to prior year. Whilst the business recorded robust growth in the first 5 months of the year, the impact of the business shutdowns for extended periods from September 2018, culminated in the huge decline for the full year.

The division was adversely affected by severe foreign currency constraints particularly after the monetary and fiscal policy changes of October 2018. The division had challenges in accessing imported raw materials. The company is collaborating with its partner, The Coca Cola Company to return the business to normal operations geared for growth. The strategic focus is on reducing the foreign currency requirements, widening the zero sugar offerings and enhancing category affordability.

SPARKLING BEVERAGES VOLUME PERFORMANCE - HLS'000



REVIEW OF OPERATIONS

SPARKLING BEVERAGES BUSINESS (continued)

PROMOTING SOCCER

The year provided yet another opportunity to grow the Coca-Cola brand and excite customers through its worldwide association with soccer. Coca-Cola was once again the official sponsor of the FIFA© World Cup held in Russia. The various activities around the FIFA World Cup showpiece excited our consumers and culminated in several high performing traders winning a trip to experience the World Cup live in Russia while others had a local treat at the mighty Victoria Falls.

The relationship between Coca-Cola and the ever-popular high school soccer grew stronger as the exciting COPA Coca-Cola soccer tournament celebrated a unique 30th Anniversary in Zvishavane which was won by Pamushana High School in the boy's tournament whilst Nyamauru High School won the girls tournament. Several schools which took part in the tournament also benefited from funding of development projects of their choice by brand Coca-Cola.

These legacy projects have become an integral part of the tournament. A select group of top performing boys and girls from the tournament had the opportunity to travel to Kenya where they represented the country in a regional tournament.

ON THE BEAT WITH MUSIC

The business continued to leverage the brand sponsorship of music activities such as The "Unplugged" monthly music event, Coke on the Beat, the "Radio Top 50" songs on Radio Zimbabwe as well as the ZBC TV "Top 50" videos. The popular Coke Studio continued to be aired on the local television channel, a highly regarded music programming which complements the other activities around the Zimbabwe International Trade Fair and Harare International Festival of the Arts (HIFA).

Supporting enterprises.

- The business is engaged in the global Coca-Cola "5 by 20" Campaign which recognises the role of women in national development. The women are capacitated and equipped with entrepreneurial skills.

- Our partnerships with the informal traders continued with the provision of vending equipment, assistance with licensing and site rentals.

Putting Consumers FIRST:

The Coca Cola Company is exploring and bringing to market alternative sweeteners to sugar while keeping the same great tastes people love but with less sugar and fewer calories. The key strategies include reducing the calories or sugar content, pack sizes and making the low or no-sugar drinks more visible. Of particular note is the decision to offer the premium low or zero sugar varieties at parity pricing to sugar sweetened beverages. The low or zero sugar offerings are being extended to all key brand flavours. The brands are also supporting wellness activities through promotion of sport active lifestyles.

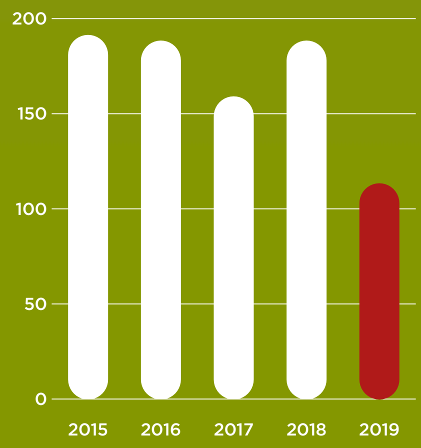
REVIEW OF **OPERATIONS**

MAHEU BUSINESS

The Maheu business faced significant supply bottlenecks due to shortage of bottles arising from a global outage of HDPE material coupled with limited access to foreign currency. The supply of Shumba Maheu brands improved in the last quarter of the financial year.

Shumba Maheu Brand continues to be a key part of the Jikinya dance festival. It is involved in school sports through the partnership with Hammer and Tongues at the St Georges Invitational Soccer Tournament. Some of the notable consumer events were at the Harare Agricultural Show and the Zimbabwe International Trade Fair (ZITF) 2018.

MAHEU VOLUME PERFORMANCE - HLS'000



REVIEW OF **OPERATIONS**

MAHEU BUSINESS (continued)

REVIEW OF **OPERATIONS**

TRANSPORT AND LOGISTICS

The Company operates an internal fleet of 236 prime mover vehicles, 436 trailers and 99 forklifts, which support the direct delivery of product to both wholesale and retail customers.

The fleet has been expanded by the addition of a core fleet for freighting product from the production centres to depots and some bulk customers. The fleet is complemented by some external hire vehicles. Total kilometres travelled in the year were 11,6 million which was partly depressed due to the product stock-outs in the second half of the year. This fleet is maintained in the Group's network of workshops manned by well qualified technicians. There are ongoing initiatives to enhance distribution efficiencies through use of double pallet forklifts, truck mounted forklifts and other warehouse sorting equipment.

Fleet utilisation has benefited from the use of the vehicles in transporting raw materials, particularly for the fleet moving one-way packs such as PET, non-returnable glass and canned beverages.

LEVERAGING ON OUR SUPPLY CHAIN

Promoting Best Practice In Procurement

Our procurement team interacts with local, regional and global suppliers to source the goods and services that our business needs to produce and sell our beer and soft drinks. Our Supplier Partnering Program aims to collaborate with each supplier 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.

REVIEW OF **OPERATIONS**

TRANSPORT AND LOGISTICS (continued)

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 conflict of interest that does arise.

Promoting Local Sourcing

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

The sourcing of imported material has been challenging particularly due to the shortages of foreign currency and the pricing distortions characterising the Zimbabwean economy. The distortions arising from the emergence of the parallel markets for hard currency has created disparities in pricing. The Company's financial dealings have strictly been in accordance with the laws and regulations in each market.

REVIEW OF OPERATIONS

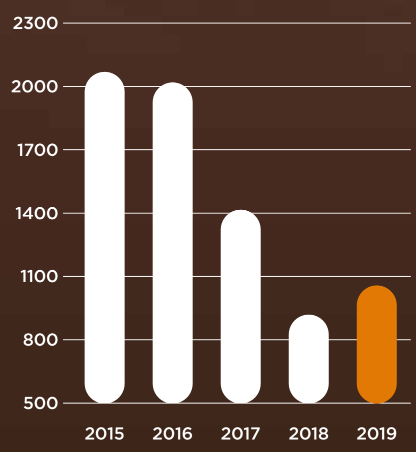
NATIONAL BREWERIES PLC ZAMBIA

Traditional beer volume grew by 6% to 1,1 million hectolitres compared to prior year despite the tough economic and market conditions. Chibuku Super contributed 51% of total sales. The competition in the sector remains uneven due to the prevalence of draught beer offerings that do not comply with the legislation.

NEW PRODUCT LAUNCHES

The Chibuku Super brand was re-launched in a 1,25 litre pack with improved graphics that align with the brand identity in the region. The pack upgrade provides an opportunity to offer keener retail pricing to the consumer. Post year end, the market has been excited by the arrival of a new malt based Chibuku variant in a 1,5 litre returnable bottle. This offers a better value proposition for the consumer as it addresses affordability while delivering on quality.

SORGHUM BEER VOLUME PERFORMANCE - HLS'000



REVIEW OF **OPERATIONS**

NATIONAL BREWERIES PLC ZAMBIA (continued)

EXECUTION IN TRADE

Visibility of our brands was greatly improved by the enhanced trade execution standards through the deployment of merchandising teams across the country reaching over 2 500 retail outlets.

EXPANDING GEOGRAPHICAL FOOT PRINT

The production facility at Ndola was re-opened during the year bringing the total number of brewing plants to three. This has enabled us to guarantee better service and product quality to our customers and consumers in Ndola. An additional four distribution depots were opened to complement our third-party distribution partners.

The Company continues to focus on product quality and safety at the workplace through enhancing compliance to food safety standards and the implementation of the NOSA 5 STAR systems at all breweries.

WASTE MANAGEMENT

We continued to work with Manja Pamodzi, a community waste recycling initiative that is creating new business opportunities particularly for women. The project helps to clean up post-consumer packaging waste, improving sanitation and hygiene in communities.

We also commenced participation in the monthly clean-up campaign. This is a collaboration with local authorities and the communities which is meant to promote good hygiene and a clean environment.

SUPPORTING LOCAL FARMERS

We actively promote the procurement of locally produced raw materials from rural farmers, resulting in poverty alleviation and sustainable development of these rural communities. A total of 20 000 tonnes of maize is bought from small scale farmers for use in the production of our Chibuku. We are committed to expanding our sourcing from smallholder farmers in a way that generates commercial value for the business and improves the lives of those in the communities we operate.

REVIEW OF **OPERATIONS**

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. The entity became a subsidiary from November 2018.

Afdis reported an improved volume and financial performance for the six months to December 2018 with volume up 40% and revenue increasing by 57%. This was mainly driven by the ready-to-drink and spirits segments as consumers shifted to more accessible locally produced brands. The supply of key raw materials and packaging is being constrained by the shortages of foreign currency.

The emerging pricing distortions in the market and the fast depreciation of the local currency will adversely impact on business performance.

The company continues to support performing arts and theatre through its longstanding partnership with the Reps Theatre. The sponsorship of awards under various categories provides amateur artists and school students a platform to showcase their theatrical talent.

REVIEW OF **OPERATIONS**

AFRICAN DISTILLERS LIMITED

REVIEW OF **OPERATIONS: ASSOCIATES**

SCHWEPPES HOLDINGS AFRICA LIMITED

Schweppes Holdings Africa through its main operating entity Schweppes Zimbabwe Limited is a manufacturer and distributor of non-carbonated, still beverages under licence from The Coca-Cola Company. The product portfolio currently includes cordials, fruit juices, bottled water and iced tea.

The Company has value chain investments in the form of BeitBridge Juice Company which processes fruit juices mainly oranges and Best Fruit Processors which produces tomato paste for both local and export markets.

The entity recorded 20% increase in group revenue for year to December 2018 which reflected improved volume performance and increases in wholesale prices. The beverages volume grew by 6% driven by increased water capacity, introduction of the Fruitade range of cordials at BeitBridge Juicing Company and higher exports of juices, cordials and value-added products.

REVIEW OF **OPERATIONS: ASSOCIATES**

SCHWEPPES HOLDINGS AFRICA LIMITED (continued)

The Company was granted rights to export Mazoe Orange Crush and Minute Maid Juices into regional markets. The processing divisions benefited from improved supply of processing fruit as the company supported farmers with inputs and extension services.

The Company could not fully exploit the market opportunities arising from the limited availability of other beverages due to the constraints in accessing foreign currency. The shortages of foreign currency became more pronounced from October 2018. Sales volume in the quarter to March 2019 declined by 20%, reflecting the fall in aggregate demand due to rising inflation and loss of value of the local currency.

Financial performance improved significantly due to the turnaround in the performance of the processing divisions.

The company is expanding its outreach into downstream agricultural activities through direct cultivation of processing fruits such as tomatoes and support of community farming projects. The Company has partnered other funders to support the Shashe Citrus Outgrower Scheme in Maramani Communal Lands, Beitbridge District where 200 families have established a 90-hectare orange plantation. The farmers have been introduced to inter-row cropping to grow other crops such as sugar beans or vegetables between the orange trees. The project is expected to reach 7 000 tonnes of oranges per year in 2020.

REVIEW OF OPERATIONS: ASSOCIATES

NAMPAK ZIMBABWE

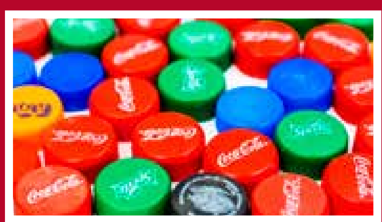
Nampak Zimbabwe was created by the merging of the packaging related entities MegaPak, Hunyani and CarnaudMetalbox (CMB) in 2014 with the new entity taking over Hunyani Holdings' stock exchange listing.

NAMPAK'S ACTIVITIES ARE SUMMARISED BELOW:

Entity	Line of Business
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 31% increase in revenue for the half year to March 2019 reflecting the increased demand of packaging products and the escalation in selling prices, driven by high inflation and the pass-through impact of the depreciating exchange rate on the imported raw materials.

The entity's operations are being constrained by the build up of foreign payables mostly to parent company Nampak International.



REPORT OF THE DIRECTORS

The Directors present their 72nd Annual Report together with the Audited Financial Statements of the Group for the year ended 31 March 2019.

YEAR'S RESULTS

The year's results are presented in Zimbabwean Currency RTGS$ which was promulgated as the functional currency in the country in February 2019. The Group had used the United States Dollar as the functional currency for the periods 2009 to February 2019.

	RTGS$'000
Revenue	722 384
Operating Income	175 488
Net Finance Charges	(4 753)
Share of Associates Income	10 800
Profit Before Tax	181 535
Profit attributable to Owners	140 661
Less Dividends	
Interim & Final Dividends (total 9,5 cents per share)	120 026
Special Dividend (4,5 cents per share)	57 030
Add	
Distributable Reserves at the beginning of the year	401 262
Transfers from reserves	8 002
Distributable Reserves at the end of the year	372 869

PROPERTY, PLANT AND EQUIPMENT

Capital expenditure (inclusive of returnable containers) for the year to 31 March 2019 totalled RTGS$19,6 million. The capital expenditure for the year to 31 March 2020 is planned at RTGS$135 million. The Company purchased an additional stake in African Distillers Limited and settled some foreign creditors through the issue of shares.

ASSOCIATES

The Company's effective shareholding in Schweppes Holdings Africa Limited at 49% and 21.46% in Nampak Zimbabwe. African Distillers Limited was consolidated as a subsidiary from November 2018.

SHARE CAPITAL

The authorised share capital of the Company has been restated to RTGS$ at $14,0 million comprising 1 400 000 000 ordinary shares of RTGS$0,01 (one cent) each. A total of 11 046 882 shares were allotted in accordance with the share option schemes, whilst 24 830 065 ordinary shares were allotted as consideration for transactions of which 18 799 559 shares were from the treasury stock. The ordinary shares in issue are 1 273 795 989.

Accordingly, the issued share capital is now RTGS$95,7 million comprising nominal capital of RTGS$12,5 million and share premium of RTGS$83,2 million. The number of shares currently under option is 27 440 000 of which 24 690 000 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.

REPORT OF THE DIRECTORS (continued)

DIVIDENDS

The Board declared interim and final dividends of 9.5 cents per share and a special dividend of 4,5 cents per share. This brings the total dividend in respect of the year ended 31 March 2019 to 14.0 cents per share, which were payable during the period.

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 2018. The authority is due to expire at the conclusion of the next annual general meeting in July 2019. The notice of the annual general meeting proposes that shareholders approve a resolution renewing the authority for the share buyback.

The authority was utilised to purchase a total of 7 897 732 shares. A total of 18 799 559 treasury shares were utilised during the year leaving a balance of 5 632 579 shares held as at 31 March 2019.

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. The directors note that the operating environment makes it difficult to plan for the future. Reference is made to the analysis of principal risks and uncertainties included in the annual report. Based on this review, and in light of the current financial position, the directors 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 pages 120 to 123. Prof HC Sadza and Mr Ricardo Tadeo retired or resigned during the year. Mrs E Fundira and Ms L A Swartz joined the board on 1 January 2019. All the other directors served throughout the period.

Mrs E Fundira and Ms L Swartz will retire at the end of their interim appointments and offer themselves for re-election. Per policy, Messrs C F Dube, S J Hammond, L EM Ngwerume and T N Sibanda retire annually whilst Dr C C Jinya is 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 appoint Deloitte & Touche as Auditors for the Company for the ensuing year.

ANNUAL GENERAL MEETING

The 72nd Annual General Meeting of the Company will be held at 12:30 hours on Friday 26 July 2019 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 Officer

A MAKAMURE
Company Secretary
16 May 2019

CORPORATE GOVERNANCE

INTRODUCTION

The corporate governance practices of Delta 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 120 to 123.

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 comprises of non-executive directors. The Chief Executive and the Finance Director attend and present reports to the Committee. It 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. The Chief Executive Officer attends and presents reports to the Committee. 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 least two non-executive directors.

RISK MANAGEMENT

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

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

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

DIRECTORS' ATTENDANCE OF MEETINGS

(From 1 April 2018 to 31 March 2019)

NAME OF DIRECTOR	Main Board/AGM		Audit Committee		Remuneration Committee	
	Attended	Possible	Attended	Possible	Attended	Possible
Mr P Gowero	4	5	2	2	2	2
Mr C F Dube	5	5	—	—	2	2
Mrs E Fundira	2	2	—	—	—	—
Mr S J Hammond	4	5	—	—	2	2
Mr R T Almeida Cabral de Soares	3*	4	—	—	—	—
Dr C C Jinya	5	5	—	—	—	—
Mr J A Kirby	4	5	2	2	2	2
Mr T Moyo	5	5	2	2	—	—
Mr A S Murray	5	5	2	2	—	—
Mr LEM Ngwerume	5	5	—	—	—	—
Prof H C Sadza	0	3	—	—	—	—
Mr T N Sibanda	3	5	2	2	—	—
Ms L A Swartz	2	2	—	—	—	—
Mr M M Valela	5	5	2	2	—	—

*Represented by an alternate director at meetings


LEGACY OF
SOUTH AFRICA'S
Charles

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

Delta Corporation Limited's ("Delta") directors are required by the Companies Act to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed, suitable accounting policies have been used, and applied consistently, and reasonable and prudent judgements and estimates have been made. The financial statements as at 31 March 2019 do not fully comply with International Financial Reporting Standards particularly IAS21: "The Effects of Changes in Foreign Exchange Rates". Apart from the non compliance, the financial statements have been compiled adopting principles from International Financial Reporting Standards.

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 March 2020. 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 39 to 42.

The Board recognises and acknowledges its responsibility for the system of internal financial control. Delta's policy on business conduct, which covers ethical behaviour, compliance with legislation and sound accounting practice, underpins the Company's internal financial control process. The control system includes written accounting and control policies and procedures, clearly defined lines of accountability and delegation of authority, and comprehensive financial reporting and analysis against approved budgets. The responsibility for operating the system is delegated to the executive directors who confirm that they have reviewed its effectiveness. They consider that it is appropriately designed to provide reasonable, but not absolute, assurance that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded. The effectiveness of the internal financial control system is monitored through management reviews, representation letters on compliance signed by the senior executive responsible for each major entity and a comprehensive program of internal audits. In addition, the Company's external auditors review and test appropriate aspects of the internal financial control systems during the course of their statutory examinations of the Company and the underlying subsidiaries.

The Company's Audit Committee has met with the external auditors to discuss their report on the results of their work which include assessments of the relative strengths and weaknesses of key control areas. While in a group of the size, complexity and diversity of Delta, it is to be expected that occasional breakdowns in established control procedures may occur, no breakdowns involving material loss have been reported to the directors in respect of the year under review.

Preparer of financial statements

These annual financial statements have been prepared under the supervision of M M Valela CA(Z), Executive Director – Finance, registered Public Accountant, PAAB Number P01063 and have been audited in terms of section 29(1) of the Companies Act (Chapter 24:03).

Approval of financial statements

The financial statements for the year ended 31 March 2019, which appear on pages 43 to 102 were approved by the Board of Directors on 16 May 2019 and are signed on its behalf by:

C F DUBE
Chairman

P GOWERO
Chief Executive Officer

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DELTA CORPORATION LIMITED

for the year ended 31 March

Adverse Opinion

We have audited the consolidated and company financial statements of Delta Corporation Limited ("the Company") and its subsidiaries ("the Group") set out on pages 43 to 102, which comprise the consolidated and company statements of financial position as at 31 March 2019, 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 consolidated and company financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated and company financial statements do not present fairly, the consolidated and company financial position of the Group as at 31 March 2019, and its consolidated and company financial performance and consolidated and company cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act (Chapter 24:03) and the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96.

Basis for Adverse Opinion

IAS 21 "The Effects of Changes in Foreign Exchange Rates" considerations

During the year, the Group and the Company transacted using a combination of the United States Dollars (USD), bond notes and coins, Real Time Gross Settlement (RTGS) system and mobile money platforms. During the course of the year, there was significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, and RTGS Foreign Currency Accounts ("FCA") in comparison to the USD. Although RTGS was not legally recognised as currency during the reporting from 1 April 2018 up to 20 February 2019, the substance of the economic phenomenon, from an accounting perspective, suggested that RTGS was currency for financial accounting and reporting purposes.

In October 2018, the Reserve Bank of Zimbabwe ("RBZ") issued a Monetary Policy Statement instructing all financial institutions to separate and create distinct bank accounts for depositors, namely, RTGS FCA and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand). Due to this separation, there was a proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity between the two. These events were suggestive of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21. Such assessment pointed to a change in functional currency.

In the Monetary Policy Statement of 20 February 2019, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019. In addition, SI 33/19 fixed the exchange rate between the RTGS Dollar and the USD at 1:1 for the period up to its effective date.

For the period up to 22 February 2019, the Group maintained its functional currency as the USD, with transactions and balances reflected using an exchange rate of 1:1 in compliance with SI 33/19. From 22 February 2019, balances and transactions were retranslated at the legislated inaugural exchange rate of 1:2.5 between the USD and the RTGS$ in compliance with the requirements of SI 33/19.

Whilst the timing of this conversion is in line with the dictates of SI 33/19, it constitutes a departure from the requirements of IAS 21, and therefore the financial statements have not been prepared in conformity with IFRS. Had the Group and Company applied the requirements of IAS 21, many of the elements of the accompanying consolidated and separate financial statements would have been materially impacted and therefore the departure from the requirements of IAS 21 is considered to be pervasive. The financial effects on the consolidated and company financial statements of this departure have not been determined.

Furthermore, we draw attention to the change in functional currency reserve presented in the statement of financial position, related to the gain on conversion of net monetary and non-monetary assets to RTGS dollars on change in functional currency from the USD. Directors have opted to recognise the gain amounting to RTGS$297,7 million in equity as a non-distributable reserve, which represents a departure from the requirements of IAS 21 – The Effects of Changes in Foreign Exchange Rates. IAS 21 requires exchange differences arising from all balances upon change in functional currency to be recognised in the Statement of profit or loss and other comprehensive income.

INDEPENDENT AUDITOR'S REPORT (continued)

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA") Code together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and company financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Adverse Opinion* section of our report, we have determined the matters described below to be the key audit matters.

Key audit matter	How the matter was addressed in the audit
1. VALUATION OF CONTAINERS IN THE MARKET (MARKET ABSORPTION)	
Returnable beverage containers issued to customers on sale of products remain the property of the Group. A deposit is received from customers that is repayable on return of the containers to the Group. At the end of each financial period, the Directors perform an estimation of the value of containers in the market against which the Group has a liability (the deposit) due to the customer. At the year-end, the Group has recognised a liability of RTGS$26,1 million (2018: RTGS$21,6 million) worth of containers in the market (refer to note 20.2). The determination of value of containers in the market is an area of significant estimation. Containers are an important and material component to the Group's operations and therefore accounting for them is an area of significance to the financial reporting.	We performed a number of procedures, including the following: • Establishing the assumptions used in estimating the value of containers in the market and comparing these assumptions against previous reporting periods 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.; and • Recalculating the value of estimated containers in the market using verifiable components of the containers reconciliation, including physical balances on hand at the beginning and the end of the reporting period, purchases of containers during the year, container losses determined at each month end physical count date.

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matter	How the matter was addressed in the audit
2. NEW BUSINESS ACQUISITION AND RELATED ACCOUNTING	
During the year, the Group acquired African Distillers Limited (AFDIS), a former associate of Delta Corporation Limited that manufactures spirits and wines. The purchase consideration was US$96.9 million, made up of fair value of previously held interest in the AFDIS and fair value of consideration transferred for acquisition of additional interest. The accounting for this acquisition is governed by IFRS 3 "Business Combinations" whose requirements are fairly complex and require Management to exercise a significant level of judgement in determining the purchase price allocation, including: • Identification of the assets and liabilities acquired and determining fair values thereof; • Determination of separate identifiable intangible assets, bargain purchase or goodwill to be recognised on acquisition; • Determination of fair value of interest previously held in the investee; and • Determining the value of the consideration transferred. We have determined this to be a key audit matter due to the level of judgement involved in determining the fair value for the net assets acquired. Details of the acquisition have been disclosed in note 13.1.	We focused our testing of the identifiable assets and liabilities on the key assumptions made by management. Our audit procedures included the following: • Critical evaluation of whether the model used by management to calculate the fair value of the assets acquired complies with the requirements of IFRS 3 (Business Combinations); • Obtaining management's calculations and subjecting the key assumptions to our own independently calculated sensitivity analysis; • Comparing the independently determined fair value of interest previously held in AFDIS with the fair value of the same as determined by management; • Comparing the independently determined fair value of the business with the fair value of the net assets of the acquired entity as determined by management; and • Performing a Goodwill impairment assessment arising from the business acquisition.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Responsibility for Financial Reporting which we obtained prior to the date of this auditor's report and the Values Statements, the Company Profile, the Principal Risks Update, the Financial Highlights, the Chairman's Letter to Shareholders, the Review of Operations, the Report of the Directors, the Corporate Governance report and various supplementary information which were made available to us after the date. The other information does not include the consolidated and company 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 an audit opinion or any form of assurance 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 consolidated and company 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.

When we read the other information obtained after the date of the auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and company financial statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act (Chapter 24:03), the relevant statutory instruments (SI 33/99, SI 33/19 and SI 62/96) and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and company financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the consolidated and company 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and company 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 the Directors.
- 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.
- Evaluate the overall presentation, structure and content of the consolidated and company financial statements, including the disclosures, and whether the consolidated and company 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 or business activities within the Group to express an opinion on the consolidated and company financial statements. We are responsible for the direction, supervision and performance of the Group 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 auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Brian Mabiza.

Deloitte + Touche

Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per: Brian Mabiza
Partner
Registered Auditor
PAAB Practice Certificate Number: 0447
Date: 16 May 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March

	Notes	2019 RTGS$'000	2018 RTGS$'000
REVENUE	8	**722 384**	572 227
NET OPERATING COSTS	9.1	**(546 896)**	(467 512)
OPERATING INCOME		**175 488**	104 715
Finance cost		**(21 138)**	(5 898)
Finance income		**16 385**	12 148
Share of profit of associates	13	**10 800**	4 334
Profit before taxation		**181 535**	115 299
Taxation	11.1	**(38 301)**	(26 791)
PROFIT FOR THE YEAR		**143 234**	88 508
Other comprehensive income for the year		**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**143 234**	88 508
Profit for the year from operations attributable to:			
Owners of the parent		**140 661**	88 829
Non-controlling interest		**2 573**	(321)
		143 234	88 508
Weighted average shares in issue (millions)		**1 257,5**	1 230,4
EARNINGS PER SHARE (RTGS CENTS)			
Attributable earnings basis	5.5	**11,19**	7,22
Fully diluted earnings basis	5.5	**11,05**	7,20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March

	Notes	2019 RTGS$'000	2018 RTGS$'000
ASSETS			
Non-current Assets			
Property, plant and equipment	12	**787 037**	366 857
Investment in associates	13.2	**43 768**	47 439
Intangible assets – Trademarks and Goodwill	14.1	**61 849**	17 514
Investments and loans	14.3	**8 589**	8 482
		901 243	440 292
Current Assets			
Inventories	15	**128 863**	66 007
Trade and other receivables	16	**32 331**	24 968
Other assets		**14 609**	8 759
Current tax asset	21.3	**8 774**	6 148
Cash and cash equivalents	21.8	**264 091**	291 226
		448 668	397 108
Total Assets		**1 349 911**	837 400
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	17.2	**12 681**	12 361
Share premium		**83 015**	44 976
Share options reserve		**3 921**	4 678
Change in functional currency reserve		**297 748**	—
Retained earnings		**373 976**	434 764
Adjustment arising from change in non controlling interest		**(1 107)**	—
Equity attributed to equity holders of the parent		**770 234**	496 779
Non-controlling interests		**32 763**	5 427
Total shareholders' equity		**802 997**	502 206
Non-current Liabilities			
Long-term borrowings	19.1	**105 443**	42 746
Deferred tax liabilities	11.3	**57 761**	55 639
		163 204	98 385
Current Liabilities			
Short-term borrowings	19.2	**48 445**	12 400
Trade and other payables	20.1	**251 558**	130 116
Provisions	20.2	**32 460**	28 725
Dividends payable		**44 407**	59 443
Current tax liability	21.3	**6 840**	6 125
		383 710	236 809
		1 349 911	837 400
Net asset value per share (RTGS Cents)		**61,58**	40,37

The financial statements were approved by the Board of Directors and authorised for issue on 16 May 2019.

P GOWERO
Chief Executive Officer

M M VALELA
Executive Director - Finance

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 31 March

	Notes	2019 RTGS$'000	2018 RTGS$'000
Cash flow from operating activities			
Cash generated from operating activities	21.1	**276 224**	144 524
(Increase)/decrease in working capital	21.2	**(17 783)**	76 957
Cash generated from operations		**258 441**	221 481
Finance cost		**(21 138)**	(5 898)
Finance income		**16 385**	12 148
Income taxation paid	21.3	**(41 700)**	(21 433)
Net cash flow from operating activities		**211 988**	206 298
Cash flow from investing activities			
(Increase)/decrease in investments and loans		**(240)**	1 141
Dividend received from associate		**392**	482
Net cash and purchase of shares in subsidiary and brands		**18 685**	(14 658)
Purchase of property, plant and equipment to expand operations		**(7 734)**	(7 112)
Purchase of property, plant and equipment to maintain operations		**(11 844)**	(6 779)
Proceeds from disposal of property, plant and equipment		**4 081**	141
Net cash generated from/(utilised in) investing activities		**3 340**	(26 785)
Cash flow from financing activities			
Dividend paid	21.4	**(225 594)**	(54 228)
Repayment of short-term borrowings		**(1 300)**	(47 600)
Long-term loans raised		**—**	32 547
Increase in shareholder funding	21.7	**5 695**	11 151
Share buy back	17.5	**(21 264)**	(3 491)
Net cash utilised in financing activities		**(242 463)**	(61 621)
Net (reduction)/increase in cash and cash equivalents		**(27 135)**	117 892
Cash and cash equivalents at beginning of the year		**291 226**	173 334
Cash and cash equivalents at end of the year	21.8	**264 091**	291 226
Cash flow per share (RTGS cents)	5.6	20,18	18,00

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March

	Notes	Share Capital RTGS$'000	Share Premium RTGS$'000	Share Options Reserve RTGS$'000
At 1 April 2017		12 222	32 044	7 389
Profit for the year		—	—	—
Other Comprehensive income for the year net of tax		—	—	—
Total Comprehensive Income for the year		—	—	—
Transactions with owners:				
Share options exercised		139	11 012	—
Share buy back	17.5	—	1 920	—
Transfer from share options reserve		—	—	(3 904)
Recognition of share based payments	9.1	—	—	1 193
Foreign currency translation reserve		—	—	—
At Acquisition reserves		—	—	—
Dividends declared	21.4	—	—	—
At 1 April 2018		12 361	44 976	4 678
Profit for the year		—	—	—
Other comprehensive income, net of tax		—	—	—
Total Comprehensive Income for the year		—	—	—
Transactions with owners:				
Share options exercised		111	5 584	—
Share buy back	17.5	—	—	—
Share cancellation		(33)	(20 629)	—
Share allotment		242	53 084	—
Transfer from share options reserve		—	—	(2 885)
At Acquisition reserves		—	—	—
Recognition of share based payments		—	—	2 128
Foreign Currency Translation reserve		—	—	—
Change in functional currency		—	—	—
Adjustment arising from change in non-controlling interest		—	—	—
Dividends declared	21.4	—	—	—
At 31 March 2019		12 681	83 015	3 921

Change in functional currency Reserve RTGS$'000	Retained Earnings RTGS$'000	Change in ownership RTGS$'000	Attributable to owners of the parent RTGS$'000	Non-Controlling Interests RTGS$'000	**Total equity RTGS$'000**
—	424 012	—	475 667	—	**475 667**
—	88 829	—	88 829	(321)	**88 508**
—	—	—	—	—	**—**
—	88 829	—	88 829	(321)	**88 508**
—	—	—	11 151	—	**11 151**
—	2 984	—	4 904	—	**4 904**
—	3 904	—	—	—	**—**
—	—	—	1 193	—	**1 193**
—	511	—	511	219	**730**
—	—	—	—	5 529	**5 529**
—	(85 476)	—	(85 476)	—	**(85 476)**
—	434 764	—	496 779	5 427	**502 206**
—	140 661	—	140 661	2 573	**143 234**
—	—	—	—	—	**—**
—	140 661	—	140 661	2 573	**143 234**
—	—	—	5 695	—	**5 695**
—	(21 264)	—	(21 264)	—	**(21 264)**
—	20 662	—	—	—	**—**
—	—	—	53 326	—	**53 326**
—	2 885	—	—	—	**—**
—	—	—	—	21 986	**21 986**
—	—	—	2 128	—	**2 128**
—	6 826	—	6 826	2 925	**9 751**
297 748	—	—	297 748	—	**297 748**
—	—	(1 107)	(1 107)	(148)	**(1 255)**
—	(210 558)	—	(210 558)	—	**(210 558)**
297 748	373 976	(1 107)	770 234	32 763	**802 997**

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 RTGS$ being the functional and reporting currency in Zimbabwe. The country uses a basket of international currencies as legal tender under the multi-currency system alongside a limited range of local bond notes, coins and various forms of electronic payment platforms.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's)

3.1 New and amended IFRS Standards that are effective for the current year

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Company and Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Company and Group has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's and Group's financial statements are described below.

The Company and Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company and Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 April 2018. Accordingly, the Company and Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 April 2018 have not been restated.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.
Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (continued)

3.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact of initial application of IFRS 9 Financial Instruments (continued)

(a) Classification and measurement of financial assets (continued)

- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the aforegoing, the Company and Group may make the following irrevocable election/designation at initial recognition of a financial asset:
- the Company and Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Company and Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Company and Group has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL. When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings. Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment.

The directors of the Company reviewed and assessed the Company's and Group's existing financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company's and Group's financial assets as regards their classification and measurement:

- financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company and Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company and Group to recognise a loss allowance for expected credit losses on:

(1) Debt investments measured subsequently at amortised cost or at FVTOCI;
(2) Lease receivables;
(3) Trade receivables and contract assets; and
(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (continued)

3.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact of initial application of IFRS 9 Financial Instruments (continued)

(b) Impairment of financial assets (continued)

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Classification of financial assets and liabilities on the date of initial application of IFRS 9

	Original Classification under IAS39	New Classification under IFRS9	Original Carrying Amount under IAS 39 RTGS$'000	New Carrying amount under IFRS 9 RTGS$'000
Assets				
Cash and cash equivalents	Loans and receivables	Fair value through profit and loss	291 266	291 266
Trade and other receivables	Loans and receivables	Amortised cost	24 968	23 959
Investment, loans and other assets	Loans and receivables	Amortised cost	17 241	17 241
Total Assets			**333 435**	**332 426**
Liabilities				
Trade and other payables	Loans and receivables	Amortised cost	130 116	130 116
Short and long term borrowings	Loans and receivables	Amortised cost	55 146	55 146
Total Liabilities			**185 262**	**185 262**

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (continued)

3.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact of initial application of IFRS 9 Financial Instruments (continued)

(b) Impairment of financial assets (continued)

Transitional adjustments on Financial Assets and Liabilities on the date of initial application of IFRS 9

Company	Carrying Amount under IAS 39 As at 31 March 2018 RTGS$'000	Re-classification RTGS$'000	Re-measurement RTGS$'000	New Carrying Amount under IFRS 9 As at 1 April 2018 RTGS$'000
Trade and other receivables	24 968	—	(1 009)	23 959
Investment, loans and other assets	17 241	—	—	17 241
Total	**42 209**	**—**	**(1 009)**	**41 200**
Financial Liabilities				
Amortised Cost				
Trade and other payables	130 116	—	—	130 116
Short and long term borrowings	55 146	—	—	55 146
Total amortised costs	**185 262**	**—**	**—**	**185 262**

The additional credit loss allowance of RTGS$1,0 million as at 1 April 2018 would have been recognised against retained earnings on 1 April 2018, resulting in a net decrease in retained earnings. The directors deemed the movement to be immaterial and hence did not adjust the opening retained earnings.

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Company and Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Company's and Group's financial statements are described below.

The Company and Group has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15:C5(a), and (b), or for modified contracts in IFRS 15:C5(c) but using the expedient in IFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2018. IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (continued)

3.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact of application of IFRS 15 Revenue from Contracts with Customers (continued)

The Company and Group has however not yet adopted the terminology used in IFRS 15 to describe such balances. The Company's accounting policies for its revenue streams are disclosed in detail in note 4.15 below. The application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Company.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2018.

Key requirements

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transaction for each payment or receipt of advance consideration.

Transition

Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- The beginning of the reporting period in which the entity first applies the interpretation
  Or
- The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Early application of interpretation is permitted and must be disclosed.

First-time adopters of IFRS are also permitted to apply the interpretation prospectively to all assets, expenses and income initially recognised on or after the date of transition to IFRS.

Impact

The amendments are intended to eliminate diversity in practice, when recognising the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration received or paid in a foreign currency.

3.2 New standards, amendments and interpretations issued but not effective for 31 March 2019 year ends that are relevant to the Company and Group but have not been early adopted

IFRS 16 Leases

Effective for annual periods beginning on or after 1 January 2019.

Key requirements

The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (continued)

3.2 New standards, amendments and interpretations issued but not effective for 31 March 2019 year ends that are relevant to the Company and Group but have not been early adopted (continued)

Key requirements (continued)

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

Transition

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. Early application is permitted, but not before an entity applies IFRS 15.

Impact

The lease expense recognition pattern for lessees will generally be accelerated as compared to today. Key balance sheet metrics such as leverage and finance ratios, debt covenants and income statement metrics, such as earnings before interest, taxes, depreciation and amortisation (EBITDA), could be impacted. Also, the cash flow statement for lessees could be affected as payments for the principal portion of the lease liability will be presented within financing activities. Lessor accounting will result in little change compared to today's lessor accounting. The standard requires lessees and lessors to make more extensive disclosures than under IAS 17. Given the significant accounting implications, lessees will have to carefully consider the contracts they enter into to identify any that are, or contain, leases. This evaluation will also be important for lessors to determine which contracts (or portions of contracts) are subject to the new revenue recognition standard.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

Effective for annual periods beginning on or after 1 January 2019.

In June 2017, the IASB issued IFRIC Interpretation 23 which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (continued)

3.2 New standards, amendments and interpretations issued but not effective for 31 March 2019 year ends that are relevant to the Company and Group but have not been early adopted (continued)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (continued)

Scope

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

Key requirements

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

Effective date and transition

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

Impact

Applying the interpretation could be challenging for entities, particularly those that operate in more complex multinational tax environments. Entities may also need to evaluate whether they have established appropriate processes and procedures to obtain information on a timely basis that is necessary to apply the requirements in the interpretation and make the required disclosures.

Definition of a Business - Amendments to IFRS 3

Effective for annual periods beginning on or after 1 January 2020.

Key requirements

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not.

They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Minimum requirements to be a business

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (continued)

3.2 New standards, amendments and interpretations issued but not effective for 31 March 2019 year ends that are relevant to the Company and Group but have not been early adopted (continued)

Definition of a Business - Amendments to IFRS 3 (continued)

Market participants' ability to replace missing elements
Prior to the amendments, IFRS 3 stated that a business need not include all of the inputs or processes that the seller used in operating that business, 'if market participants are capable of acquiring the business and continuing to produce outputs, for example, by integrating the business with their own inputs and processes'. The reference to such integration is now deleted from IFRS 3 and the assessment must be based on what has been acquired in its current state and condition.

Assessing whether an acquired process is substantive
The amendments specify that if a set of activities and assets does not have outputs at the acquisition date, an acquired process must be considered substantive only if: (a) it is critical to the ability to develop or convert acquired inputs into outputs; and (b) the inputs acquired include both an organised workforce with the necessary skills, knowledge, or experience to perform that process, and other inputs that the organised workforce could develop or convert into outputs. In contrast, if a set of activities and assets has outputs at that date, an acquired process must be considered substantive if: (a) it is critical to the ability to continue producing outputs and the acquired inputs include an organised workforce with the necessary skills, knowledge, or experience to perform that process; or (b) it significantly contributes to the ability to continue producing outputs and either is considered unique or scarce, or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

Narrowed definition of outputs
The amendments narrowed the definition of outputs to focus on goods or services provided to customers, investment income (such as dividends or interest) or other income from ordinary activities. The definition of a business in Appendix A of IFRS 3 was amended accordingly.

Optional concentration test
The amendments introduced an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. Entities may elect to apply the concentration test on a transaction-by-transaction basis. The test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Company of similar identifiable assets. If the test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

If the test is not met, or if an entity elects not to apply the test, a detailed assessment must be performed applying the normal requirements in IFRS 3.

Transition
The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

Impact
Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition. However, entities considering the acquisition of a set of activities and assets after first applying the amendments should update their accounting policies in a timely manner.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (continued)

3.2 New standards, amendments and interpretations issued but not effective for 31 March 2019 year ends that are relevant to the Company and Group but have not been early adopted (continued)

Definition of a Business - Amendments to IFRS 3 (continued)

Impact (continued)
The amendments could also be relevant in other areas of IFRS (e.g., they may be relevant where a parent loses control of a subsidiary and has early adopted Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)).

Modification or exchange of a financial liability that does not result in derecognition
In the basis for conclusions to the amendments, the IASB also clarified that the requirements in IFRS 9 for adjusting the amortised cost of a financial liability, when a modification (or exchange) does not result in derecognition, are consistent with those applied to the modification of a financial asset that does not result in derecognition.

This means that the gain or loss arising on modification of a financial liability that does not result in derecognition, calculated by discounting the change in contractual cash flows at the original effective interest rate, is immediately recognised in profit or loss.

The IASB made this comment in the basis for conclusions to the amendments as it believes that the existing requirements in IFRS 9 provided an adequate basis for entities to account for modifications and exchanges of financial liabilities and that no formal amendment to IFRS 9 was needed in respect of this issue.

Impact
The IASB stated specifically that this clarification relates to the application of IFRS 9. As such, it would appear that this clarification does not need to be applied to the accounting for modification of liabilities under IAS 39. Any entities that have not applied this accounting under IAS 39 are therefore likely to have a change of accounting on transition. As there is no specific relief, this change needs to be made retrospectively.

Definition of Material - Amendments to IAS 1 and IAS 8
Effective for annual periods beginning on or after 1 January 2020.

Key requirements
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition.

The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (continued)

3.2 New standards, amendments and interpretations issued but not effective for 31 March 2019 year ends that are relevant to the Company and Group but have not been early adopted (continued)

Definition of Material - Amendments to IAS 1 and IAS 8 (continued)

Obscuring information
The amendments explain that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information. Material information may, for instance, be obscured if information regarding a material item, transaction or other event is scattered throughout the financial statements, or disclosed using a language that is vague or unclear. Material information can also be obscured if dissimilar items, transactions or other events are inappropriately aggregated, or conversely, if similar items are inappropriately disaggregated.

New threshold
The amendments replaced the threshold 'could influence', which suggests that any potential influence of users must be considered, with 'could reasonably be expected to influence' in the definition of 'material'. In the amended definition, therefore, it is clarified that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users.

Primary users of the financial statements
The current definition refers to 'users' but does not specify their characteristics, which can be interpreted to imply that an entity is required to consider all possible users of the financial statements when deciding what information to disclose. Consequently, the IASB decided to refer to primary users in the new definition to help respond to concerns that the term 'users' may be interpreted too widely.

Other amendments
The definition of material in the Conceptual Framework and IFRS Practice Statement 2: Making Materiality Judgements were amended to align with the revised definition of material in IAS 1 and IAS 8.

Transition
The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Impact
Although the amendments to the definition of material is not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.

IFRS 10 Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (continued)

3.2 New standards, amendments and interpretations issued but not effective for 31 March 2019 year ends that are relevant to the Company and Group but have not been early adopted (continued)

IFRS 10 Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (continued)

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's and Group's financial statements.

Revenue recognition

In the current year, the Company and Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition, which is as follows: -
Step 1: Identify the contract
Step 2: Identify the performance obligation
Step 3: Determine the transaction price
Step 4: Allocate consideration to performance obligations
Step 5: Recognise Revenue.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in IFRS 15 to describe such balances.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of Compliance

The financial statements of the Company and the Group have been compiled adopting principles from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the International Financial Reporting Interpretations Committee (IFRIC) to the extent practicable and the Zimbabwe Companies Act (Chapter 24:03). The Group and Company did not fully comply with statutory instrument SI33/19 in order to fairly present the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Basis of Consolidation (continued)

The Group reassesses 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 African Distillers Limited, Schweppes Holdings Limited and Nampak Zimbabwe. African Distillers Limited has a 30 June year end, Schweppes Holdings Limited has a 31 December year end, and Nampak Zimbabwe Limited, which has a 30 September year end. The results and reserves of subsidiaries and associated companies are included from the effective dates of acquisition up to the effective dates of disposal.

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

Investment in subsidiaries

These comprise investments in shares that the directors intend to hold on a continuing basis in the company's business. The investments are stated at cost less provisions for impairment. A review for the potential impairment of an investment is carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Non-current assets held for sale

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

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

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

4.6 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets acquired and liabilities assumed in a business combination. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. On disposal of a cash generating unit to which goodwill was allocated, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.7 Foreign Currency Transactions and Balances

The Group's financial statements are presented in RTGS Dollar (RTGS$), which is the Group's functional and presentation currency. Assets and liabilities denominated in foreign currencies are converted to RTGS$ at the rates of exchange ruling at the end of the reporting date. Transactions in other currencies are translated to RTGS$ at rates of exchange ruling at the time of the transactions.

Exchange differences on monetary assets and liabilities are recognised in profit and loss in the period in which they arise except for:

Exchange differences on foreign borrowings relating to assets under construction for future productive use are included in the cost of the assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

4.8 Borrowing Costs

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Property, Plant and Equipment

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

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

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

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

Returnable containers

Returnable containers which comprise bottles and crates are considered to be property, plant and equipment which are sold and re-purchased at their deposit prices at reporting date. Containers on hand are treated as a component of property, plant and equipment. A further asset is shown in property, plant and equipment, together with its matching liability which is shown on the Statement of financial position as container deposits, to reflect the estimated value of the returnable container population in the market and the Group's obligation to re-purchase all bottles and crates which are suitable for re-use. With the exception of returnable plastic bottles which are considered to have a short useful life, the difference between the cost of purchasing new returnable containers and the related current deposit price is included in property, plant and equipment and disclosed as deferred container expenditure. Deferred container expenditure is amortised over four years ("expected useful life of containers") following the year of purchase.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and goodwill.

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)

4.12 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 be 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 paid in exchange for the related services.

The Group's net obligation in respect of long-term employee benefits is the amount of future benefits 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.

Other long-term employee benefits

Share based payment transactions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity. The Company's and Group's financial instruments consist primarily of the following financial assets: non-current receivables, cash and cash equivalents, trade and other receivables; other current and non-current financial assets; and the following financial liabilities: borrowings, trade and other payables, current and non-current financial liabilities.

Fair value

Where financial instruments are recognised at fair value, the instruments are measured at the amount for which an asset could be sold, or an amount paid to transfer a liability, in an orderly transaction in the principal or most advantageous market, at the measurement date under current market conditions regardless of whether this price is directly observable or estimated using a valuation technique. Fair values have been determined as follows:

- Where market prices are available, these have been used.
- Where there are no market prices available, fair values have been determined using valuation techniques incorporating observable market inputs or discounting expected cash flows at market rates.
- The fair value of the trade and other receivables, cash and cash equivalents, and trade and other payables approximates their carrying amount due to the short maturity period of these instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or expense over the period of the instrument.

Effectively, this method determines the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, if appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

Financial assets

The Company and Group classifies financial assets into the following categories:

- Fair value through profit or loss (FVTPL);
- Amortised cost (AC); and
- Fair value through other comprehensive income (FVTOCI).

Financial assets are classified based on how their performance is managed, evaluated and their contractual cash flow characteristics (the business model).

Financial assets are presented as current if their maturity is within 12 months, otherwise they are presented as non-current.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Financial Instruments (continued)

Amortised cost
Financial assets are classified and measured at amortised costs when the Company and Group holds them to collect contractual cash flows that have characteristics of principal amount and interest on the principal amount outstanding. Amortised cost is determined using the effective interest method.

Any subsequent impairment is included in the determination of other net income/expenditure.

Fair value through other comprehensive income
Financial assets that are equity instruments in their entirety are irrevocably designated, classified and measured at FVTOCI by the Company and the Group.

Fair value through profit or loss
The Company and Group classifies and measures at fair value through profit or loss financial assets that are not measured at amortised cost or fair value through other comprehensive income.

A financial asset is irrevocably designated at FVTPL on initial recognition if this designation provides more useful information because:
- it eliminates or significantly reduces a measurement or recognition inconsistency (i.e. an accounting mismatch); or
- the financial asset is part of a group of financial assets, financial liabilities or both, that is managed and its performance evaluated on a fair value basis in accordance with a documented risk/investment management strategy, and information regarding this group is reported internally to key management on this basis

Financial assets arising from borrowing metal during trading activities and cash and cash equivalents with short-term maturities have been classified and measured at FVTPL.

Impairments
The Company and Group recognises a loss allowance for expected credit losses on a financial asset measured at amortised cost. The recoverability of a financial asset is determined from the date it is recognised with a loss allowance recognised for expected losses determined at the initial recognition. The Company and Group measures the loss allowance at an amount equal to the life-time expected losses if credit risk on the financial asset has increased significantly since initial recognition. Credit risk is considered to have significantly increased when supportable information available to the Company or Group indicate that the financial asset would not be recoverable as agreed.

For financial assets that the Company and Group determines the recoverability is unlikely, such that the credit quality has significantly deteriorated and are credit impaired, a life-time expected credit loss is recognised and interest only accrues on the net amount.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Financial Instruments (continued)

Impairments (continued)
For trade and other receivables, the Company and Group recognises a loss allowance as a life-time expected credit loss due to their short-term nature. The Company and Group reassesses the life-time expected credit losses at each reporting period and recognises any changes as an impairment gain or loss.

Classification between debt and equity
Debt and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments
An equity instrument represents a contract that evidences a residual interest in the net assets of an entity. Equity instruments issued by the Company and Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities
The Company and Group classifies financial liabilities between amortised costs and fair value through profit or loss. Financial liabilities are not reclassified.

Financial liabilities are classified as amortised cost, using the effective interest method.

In addition, a financial liability is designated at FVTPL on initial recognition if this designation provides more useful information because:
- it eliminates or significantly reduces a measurement or recognition inconsistency (i.e. an accounting mismatch); or
- the financial liability forms part of a group of financial assets, financial liabilities or both, that is managed and its performance evaluated on a fair value basis in accordance with a documented risk/investment management strategy, and information regarding this grouping is reported internally to key management on this basis.

Payables arising from lending metal in the course of trading activities have also been classified as FVTPL.

Other financial liabilities
These include borrowings, obligations under finance leases, and trade and other payables They are subsequently measured at amortised cost, using the effective interest method. Amortised cost is calculated taking into account any issue costs and any discount or premium on settlement.

Commodity contracts that are entered into and continue to meet the Company's and Group's expected purchase, sale or usage requirements, which were designated for that purpose at their inception and are expected to be settled by delivery, are recognised in the financial statements when they are delivered into and are not marked-to-market.

Gains and losses arising on all other contracts not spanning a reporting interval are recognised and included in the determination of other net income/expenditure at the time that the contract expires.

Embedded derivatives
Derivatives embedded in other financial instruments or host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Revenue Recognition

The Group recognises revenue primarily from the sale of its diverse portfolio of beverages. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product to a customer.

Revenue 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.

Sale of goods

The Group sells beverages to the wholesale and retail market, and directly to customers both through its own fleet of delivery trucks and through its distribution depots.

Revenue is recognised when control of the goods has transferred, being when the goods have been collected or delivered to the customer's specific location. Following collection or delivery, the customer has full discretion over the manner in which it handles the goods, and also bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised by the Group when the goods are collected by or delivered to the customer as appropriate, as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest income

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income 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.

The Company's and Groups's revenue streams are disclosed in detail in note 8 below. The application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Company.

Revenue from sales comprises the invoiced value of sales in respect of the Company's activities outlined in note 8 and excludes investment and other non-operating income.

A sale of goods is recognised when goods are delivered, and title has passed to the buyer.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Revenue Recognition (continued)

Dividend income (continued)
Sales on bill and hold are recognised when the buyer takes title and accepts billing.
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Taxation (continued)

Deferred tax (continued)
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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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)

- **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.

- **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.

- **Currency change**
  In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019, which directed that all assets and liabilities that were in United States Dollars (US$) immediately before 20 February 2019 be deemed to have been in RTGS$ at a rate of 1:1 to the US$. The guidance issued by the Public Accountants and Auditors Board (PAAB) notes that this is contrary to IAS21 on foreign currency translation. The Company has reported the Statement of Profit or Loss and Other Comprehensive Income on the basis of the 1:1 in compliance with SI33 and in recognition of the multiple exchange rates that were imputed in commercial transactions. In order to comply with IAS21 into the future, the Company translated the Statement of Financial Position as at 22 February 2019 at the commencement RTGS$ rate of 2,5 to the US$. All transactions post this date are translated in accordance with IAS21 at the official inter bank rate. The Company has recognised a net increase in assets of RTGS$297,7 million arising from the rebasing of property, plant and equipment, inventories, foreign assets and foreign liabilities to RTGS$, which has been recorded as a non-distributable currency translation reserve. No other balances on the opening Statement of Financial Position were rebased, which is not in compliance with the principles of IAS 21.

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)

- **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.

5.5 Earnings per Share

Attributable and fully diluted earnings bases

The calculations are based on the earnings attributable to ordinary shareholders. Account is taken of the number of shares in issue for the period during which they have participated in the income of the Group. Dilution arising in respect of share options granted amounts to 1,26% for 2019 and 1,57% for 2018 respectively.

The weighted number of shares was:

	2019 Number of Shares in millions	2018 Number of Shares in millions
Ordinary shares	**1 231**	1 228
Share options	**27**	3
Weighted average number of shares	**1 258**	1 231

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 after excluding the proportionate non-controlling interests therein, 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

6. COUNTRY OF INCORPORATION AND CURRENCY

All Group companies are incorporated in Zimbabwe with the exception of National Breweries Plc and Chibuku Holdings Plc which are incorporated in Zambia and Mauritius respectively. Refer to Note 23.4. The financial statements are expressed in RTGS Dollars (RTGS$), the Group's functional currency.

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.
Wines and Spirits	Manufacture and distribution of wines and spirits.

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 2019 nor 2018.

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.

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

2019	Lager Beer RTGS$'000	Sparkling Beverages RTGS$'000	Sorghum Beer RTGS$'000	Wines and Spirits RTGS$'000	Total reportable segments RTGS$'000	All other segments RTGS$'000	Total RTGS$'000
External revenue	346 329	99 002	251 288	25 714	**722 333**	25 137	**747 470**
Inter-segment revenue	—	—	—	—	**—**	(25 086)	**(25 086)**
Segment revenue	346 329	99 002	251 288	25 714	**722 333**	51	**722 384**
Segment operating income	94 943	(690)	70 456	9 507	**174 216**	1 272	**175 488**
Segment net working capital*	(31 353)	(41 660)	(33 245)	31 427	**(74 831)**	225 200	**150 369**
Segment trade and other payables**	(76 423)	(79 610)	(73 416)	(10 251)	**(239 700)**	(49 826)	**(289 526)**
Segment working capital assets	45 070	37 950	40 171	41 677	**164 868**	275 026	439 894
Segment property plant and equipment	230 959	168 744	279 404	26 767	**705 874**	81 163	**787 037**

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

** Included in trade and other payables are short term borrowings of RTGS$48,4 million.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

7. SEGMENTAL REPORTING (continued)

Reportable segments (continued)

2018	Lager Beer RTGS$'000	Sparkling Beverages RTGS$'000	Sorghum Beer RTGS$'000	Total reportable segments RTGS$'000	All other segments RTGS$'000	Total RTGS$'000
External revenue	232 949	160 442	178 027	**571 418**	18 153	**589 571**
Inter-segment revenue	—	—	—	**—**	(17 344)	**(17 344)**
Segment revenue	232 949	160 442	178 027	**571 418**	809	**572 227**
Segment operating income	40 177	20 414	36 477	**97 068**	7 647	**104 715**
Segment net working capital*	6 714	(3 902)	2 204	**5 016**	243 422	**248 438**
Segment trade and other payables**	(27 149)	(30 089)	(28 776)	**(86 014)**	(56 508)	**(142 522)**
Segment working capital assets	33 863	26 187	30 980	**91 030**	299 930	**390 960**
Segment property plant and equipment	115 800	88 907	127 964	**332 671**	34 186	**366 857**

* Net working capital comprises of cash and cash equivalents, receivables, inventories, payables excluding provision for tax.
** Included in trade and other payables are short term borrowings of RTGS$12,4 million.

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.

Reconciliations of information on reportable segments to IFRS measures

	2019 RTGS$'000	2018 RTGS$'000
i) Revenue		
Total revenue for reportable segments	**722 333**	571 418
Revenue for other segments	**25 137**	18 153
Elimination of inter-segment revenue	**(25 086)**	(17 344)
Consolidated revenue	**722 384**	572 227
ii) Operating income		
Total operating income for reportable segments	**174 215**	97 068
Operating income for other segments	**1 273**	7 647
- Finance income	**16 385**	12 148
- Finance cost	**(21 138)**	(5 898)
- Share of profit of equity-accounted investees	**10 800**	4 334
Consolidated profit before tax	**181 535**	115 299

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)

	2019 RTGS$'000	2018 RTGS$'000
iii) Assets		
Total working capital assets for reportable segments	**164 868**	91 030
Working capital assets for other segments	**275 027**	299 930
Total property, plant and equipment for reportable segments	**705 875**	332 671
Property, plant and equipment for other segments	**81 163**	34 186
Equity-accounted investees	**43 768**	47 439
Other unallocated amounts	**79 210**	32 144
Consolidated total assets	**1 349 911**	837 400
iv) Liabilities		
Total trade and other payables for reportable segments	**239 700**	86 014
Trade and other payables for other segments	**49 826**	56 508
Borrowings	**105 443**	42 746
Provisions	**32 460**	28 725
Deferred tax liabilities	**57 761**	55 639
Other unallocated amounts	**61 724**	65 562
Consolidated total liabilities	**546 914**	335 194

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. There are ongoing discussions amongst the parties that are expected to result in the withdrawal of the notified intention, and consequently the entities have not been identified as a disposals group.

8. REVENUE

	Note	2019 RTGS$'000	2018 RTGS$'000
Gross sales		**841 488**	667 522
Less VAT and discounts		**(119 104)**	(95 295)
Revenue		**722 384**	572 227
Less excise duties and levies	9.1	**(103 110)**	(67 510)
Net sales		**619 274**	504 717

All income has been derived from the sale of goods.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

	Note	2019 RTGS$'000	2018 RTGS$'000
9. OPERATING INCOME			
Operating income is arrived at after charging: -			
9.1 Net Operating Costs			
Raw materials and consumables used		**216 758**	204 745
Depreciation of property, plant and equipment	9.2	**36 897**	29 388
Staff costs		**102 871**	87 353
Excise duties and levies		**103 110**	67 510
Share option expenses		**2 128**	1 193
Repairs and maintenance		**32 069**	21 394
Container breakages*		**5 054**	9 486
Selling and marketing expenses		**15 250**	13 805
Royalties and technical fees		**7 474**	8 764
Security cost		**5 281**	5 295
Administration and operating costs		**20 004**	18 579
		546 896	467 512

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

	2019 RTGS$'000	2018 RTGS$'000
9.2 Depreciation of Property, Plant and Equipment		
Buildings	**3 224**	880
Plant and equipment	**26 152**	22 017
Vehicles	**4 203**	3 108
Containers (deferred container expenditure)	**3 318**	3 383
	36 897	29 388
9.3 Auditors' Remuneration		
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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

	2019 RTGS$'000	2018 RTGS$'000
10. THE GROUP AS A LESSEE (continued)		
10.2 Net Leasing Expense		
Lease payments:		
- Minimum lease payments	**1 405**	1 416
10.3 Net Future Operating Lease Commitments		
Lease payments:		
- Payable within one year	**1 161**	1 127
- Payable within two to five years	**4 336**	3 474
	5 497	4 601
11. TAXATION		
11.1 Taxation		
Income tax:		
Current tax	**40 964**	23 853
Withholding tax	**362**	403
Deferred tax	**(3 025)**	2 535
	38 301	26 791

11.2 Reconciliation of Rate of Taxation

	2019 %	2018 %
Standard rate	**25,75**	25,75
Adjusted for:		
Effect of expenses not deductible for tax	**0,48**	0,35
Effect of income not taxable in determining taxable profit:		
Effects of interest income taxed at different rate	**(1,05)**	(1,14)
Effects of associate income	**(0,83)**	(0,33)
Other permanent differences	**(3,26)**	(1,39)
Effective rate	**21,09**	23,24

11.3 Deferred Tax Liabilities

	2019 RTGS$'000	2018 RTGS$'000
Balance at the beginning of year	**55 639**	50 022
Charge to profit or loss for continuing operations	**(3 025)**	2 535
Arising with acquisition of subsidiary	**5 147**	3 082
Balance at end of year	**57 761**	55 639
Analysis of balance at end of year		
Property, plant and equipment	**58 086**	56 688
Other temporary differences	**(325)**	(1 049)
	57 761	55 639

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

11. TAXATION (continued)

11.4 Contingencies

The Zimbabwe Revenue Authority has raised tax assessments of RTGS$27,8 million for the period 2009 to 2014 based on disallowing expenditure on royalties and technical assistance fees. Based on the 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. The Delta Board cannot at this stage estimate the likely timing of the resolution of the matters.

12. PROPERTY, PLANT AND EQUIPMENT

	2019 RTGS$'000	2018 RTGS$'000
FREEHOLD PROPERTIES		
Cost	**315 404**	135 596
Capital work in progress	**1 446**	—
Accumulated depreciation	**(133 808)**	(55 230)
	183 042	80 366
PLANT AND EQUIPMENT		
Cost	**1 027 312**	437 635
Capital work in progress	**284**	3 299
	1 027 596	440 934
Accumulated depreciation	**(534 258)**	(231 409)
	493 338	209 525
VEHICLES		
Cost	**155 317**	56 420
Accumulated depreciation	**(101 531)**	(34 964)
	53 786	21 456
CONTAINERS		
Containers on hand	**30 811**	33 906
Containers in the market	**26 060**	21 604
	56 871	55 510
Total property, plant and equipment	**787 037**	366 857
Movement in net book amount for the year:		
At the beginning of the year	**366 857**	354 947
Acquisition of subsidiary	**9 019**	37 413
Capital expenditure	**19 578**	13 891
Disposals	**(1 697)**	(77)
Arising from change in functional currency	**439 599**	—
Movement in containers in the market and other adjustments	**(9 422)**	(9 929)
Depreciation	**(36 897)**	(29 388)
At end of the year	**787 037**	366 857

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	2019 RTGS$'000	2018 RTGS$'000
Capital expenditure comprised:		
Land and buildings	**2 822**	—
Plant and equipment	**8 895**	8 415
Vehicles	**1 904**	2 485
Containers	**5 957**	2 991
	19 578	13 891
Disposals comprised:		
Land and buildings	**253**	—
Plant and equipment	**1 250**	—
Vehicles	**194**	77
	1 697	77

13. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

13.1 Investments in Subsidiaries

On 28 November 2018, the Company acquired an additional stake in African Distillers Limited resulting in it having a controlling shareholding of 50,08% this subsequently increased to 50,37% as at end of March 2019.

Assets acquired and liabilities recognised at the date of acquisition:

	2019 RTGS$'000
Property, plant and equipment	**27 358**
Long term loans	**347**
Goodwill	**74 934**
Inventories	**34 069**
Trade and other receivables	**6 016**
Cash and equivalents	**19 940**
Total Assets	**162 664**
Trade and other payables	**41 463**
Deferred income tax liability	**1 136**
Current Tax liability	**1 089**
Total liabilities	**43 688**
Total identifiable net assets	**118 976**
Non-controlling interests African Distillers	**(21 986)**
Fair value of previously held interest	**(70 651)**
Fair value of non monetary assets transferred	**26 339**
Cash transferred on acquisition of additional interest	**1 255**

Non-controlling interests

The non-controlling interest of 49,92% recognised at acquisition date was measured by reference to the proportionate share in the identifiable net assets and amounted to RTGS$22,0 million.

	2019 RTGS$'000
Consideration paid in cash	**(1 255)**
Cash and cash equivalents in subsidiary acquired	**19 940**
Net cash inflow from acquisition of subsidiary	**18 685**

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

13. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (continued)

13.2 Investments in Associates

	2019 RTGS$'000	2018 RTGS$'000
Shares at cost	**9 600**	20 093
Post acquisition reserves	**34 168**	27 346
	43 768	47 439
Analysis of results and statement of financial position of associates.		
African Distillers Limited (50,37%) (2018: 38,14%)		
Shares at cost	**10 493**	10 493
Group's share of post-acquisition distributable reserves	**5 197**	3 016
Dividend received from associate	**(1 611)**	(1 219)
	14 079	12 290
Total assets	**162 664**	37 522
Total liabilities	**(43 688)**	(16 041)
Net assets	**118 976**	21 481
Group's share of net assets of associate	**13 308**	8 193
Total revenue	**20 298**	40 055
Total profit for the period	**5 717**	3 665
Group's share of profit of associate	**2 181**	1 398
Prior to the acquisition of additional shares in Afdis on 28 November 2018, the Group realised the above returns from the Associate Investment.		
Schweppes Holdings Africa Limited (49%) (2018: 49%)		
Shares at cost	**530**	530
Gain arising on acquisition	**9 278**	9 278
Group's share of post-acquisition distributable reserves	**19 053**	13 835
Dividend received from associate	**(750)**	(750)
	28 111	22 893
Total assets	**95 545**	78 909
Total liabilities	**(68 386)**	(45 006)
Net assets	**27 159**	33 903
Group's share of net assets of associate	**13 308**	16 612
Total revenue	**144 052**	109 502
Total profit for the year	**10 649**	2 900
Group's share of profit of associate	**5 218**	1 421

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

13. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (continued)

13.2 Investments in Associates

	2019 RTGS$'000	2018 RTGS$'000
Nampak Zimbabwe Limited (21.46%) (2018: 21.46 %)		
Shares at cost	**9 070**	9 070
Group's share of post- acquisition distributable reserves	**6 587**	3 186
	15 657	12 256
Total assets	**207 804**	144 911
Total liabilities	**(121 939)**	(75 277)
Net assets	**85 865**	69 634
Group's share of net assets of associate	**18 427**	14 943
Total revenue for the year	**133 349**	97 379
Total profit for the year	**15 850**	7 060
Group's share of profit of associate	**3 401**	1 515

The market value of the Group's interest in Nampak Zimbabwe Limited which is listed on the stock exchange in Zimbabwe was RTGS$57 million (2018: RTGS$26,8 million).

	2019 RTGS$'000	2018 RTGS$'000
14. TRADEMARKS, INVESTMENTS AND LOANS		
14.1 Trademarks and Goodwill		
TRADEMARKS		
At beginning of year	**17 514**	2 914
Acquisition of brands in subsidiary	**—**	14 600
Recognition of currency change	**26 271**	—
At cost at end of year	**43 785**	17 514
GOODWILL		
Goodwill arising from acquisition of subsidiary	**18 064**	—
Total Trademarks and Goodwill	**61 849**	17 514

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

14. TRADEMARKS, INVESTMENTS AND LOANS (continued)

14.1 Goodwill:

The goodwill reported arose from the acquisition of African Distillers Limited, a former associate of the Company, on 28 November 2018.

Impairment of Goodwill

The carrying amount of goodwill at 31 March 2019 of RTGS$18,1 million (2018: nil) is after an impairment loss of RTGS$56,3 million (2018: nil) was recognised during the year. Details of the impairment loss calculation are set out below.

The recoverable amount of the acquired business has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a three-year period, and a discount rate of 24.75% per annum. The discount rate applied represents the acquired business' weighted average cost of capital. The directors believe that any reasonably possible further change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

The key assumptions used in the value in use calculations are as follows.

Budgeted net cash flow

- Average net cash flow in the period immediately before the budget period, plus an average growth of 97% (2018: 75%) of net cash flow per year. The values assigned to the assumption reflect past experience and are consistent with the directors' plans for focusing on supply growth to the market. The directors believe that the planned net cash flow growth per year for the next three years is reasonably achievable.

Operating costs price Inflation

- Forecast consumer price indices during the budget period have been factored in establishing forecast operating costs. The values assigned to the key assumption are consistent with external sources of information.

	2019 RTGS$'000	2018 RTGS$'000
14.2 Investments		
Unlisted – at cost	**134**	134
14.3 Loans		
Secured – Related Parties	**8 455**	8 348
Total loans and investments	**8 589**	8 482

14. TRADEMARKS, INVESTMENTS AND LOANS (continued)

14.4 Included in the Group's secured loans of RTGS$8,5 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 RTGS$5,1 million (2018: RTGS$5 million). During the year, RTGS$0,823 million was advanced and RTGS$0,735 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.

	2019 RTGS$'000	2018 RTGS$'000
15. INVENTORIES		
Consumable stores	**26 652**	23 284
Finished products	**17 691**	9 194
Raw materials	**80 679**	30 302
Work in progress	**3 841**	3 227
	128 863	66 007

The cost of inventories recognised as an expense during the year was RTGS$185,0 million (2018: RTGS$167,6 million) and the amount written off during the year was RTGS$6,2 million (2018: RTGS$6,4 million).

	2019 RTGS$'000	2018 RTGS$'000
16. TRADE AND OTHER RECEIVABLES		
Trade receivables	**19 102**	21 108
Other receivables	**15 980**	8 998
Allowances for credit losses	**(2 751)**	(5 138)
	32 331	24 968

Other receivables from third parties relate to sundry debtors of RTGS$ 11,8 million (2018: RTGS$ 5,2 million) and staff welfare loans. No provisions have been made for these amounts. Staff welfare loans are secured.

The Group holds collateral on some receivable balances. The estimated value of this collateral is RTGS$6,7 million (2018: RTGS$10,1 million). The Group does not hold other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty. The average debtor days on sales of goods is 8 (2018: 12).

The Group has recognised an allowance for credit losses of RTGS$1,3 million (2018: RTGS$3,5 million). The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses ("ECL"), based on the ECL rates in the Delta group-wide provision matrix. The expected credit losses on trade receivables are estimated using the Delta group-wide provision matrix which makes reference to past default experience of group debtors and an analysis of group debtors' current financial positions, adjusted for factors that are specific to the group debtors', general economic conditions of the industry in which the group debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

16. TRADE AND OTHER RECEIVABLES (continued)

The Group's current provision matrix is as follows;

Number of Days After Granting of Credit	ECL (%)
0 – 90	—
90+	100%

This was the first year that the Group applied the Delta group-wide provision matrix.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier.

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 86% (2018: 76%) 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.

	2019 RTGS$'000	2018 RTGS$'000
60-90 days	**31**	566
Over 90 days	**1 465**	2 202
	1 496	2 768
Movement in the allowance of credit losses		
Balance at the beginning of the year under IAS 39	**5 138**	7 404
Adjustment upon application of IFRS 9	**1 009**	—
Increase in allowance for credit losses	**333**	3 550
Amounts written off during the year as uncollected	**(3 695)**	(5 750)
Amounts recovered during the year	**(34)**	(66)
Balance at end of year	**2 751**	5 138

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. The Group measures an expected credit loss allowance equal to lifetime expected credit losses for trade receivables held at amortised cost as these receivables do not contain a significant financing component.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

	2019 RTGS$'000	2018 RTGS$'000
16. TRADE AND OTHER RECEIVABLES (continued)		
Ageing of impaired trade and other receivables		
Over 90 days	**2 751**	5 138
	2 751	5 138

17. SHARE CAPITAL

17.1 Authorised Share Capital

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

17.2 Ordinary Shares Issued and Fully Paid

	2019 Number of shares in millions	2018 Number of shares in millions
At beginning of year	**1 236**	1 222
Exercise of share options	**11**	14
Share allotment	**24**	7
Share cancellation	**(3)**	(7)
At end of year	**1 268**	1 236

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 126 204 011 (2018: 142 634 399) 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

17. SHARE CAPITAL (continued)

17.4 Shares under Option (continued)

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

Date of Grant	Date of expiry	Subscription Prices RTGS$	Number of Shares 2019 '000	Number of Shares 2018 '000
8 May 2009	8 May 2019	0,150	**30**	30
3 January 2011	3 January 2021	0,636	**84**	190
3 November 2011	3 November 2021	0,746	**504**	814
2 August 2012	2 August 2022	0,680	**389**	1 086
1 June 2013	1 June 2023	0,863	**1 126**	4 518
1 June 2014	1 June 2024	1,148	**617**	1 718
Total options			**2 750**	8 356
12 February 2016	13 February 2026	0,525	**813**	7 187
6 May 2016	6 May 2026	0,730	**9 477**	9 668
5 May 2017	5 May 2027	0,863	**7 634**	7 682
10 August 2018	10 August 2028	2,000	**6 766**	—
Total SARS			**27 440**	32 893

	2019 '000	2018 '000
Movements in share options during the year:		
Number outstanding at beginning of year	**32 893**	40 361
New options/SARS granted during year	**6 766**	7 682
Forfeited Shares	**—**	(1 133)
Exercised during year	**(12 219)**	(14 017)
Outstanding at end of year	**27 440**	32 893

The weighted average price of exercise of share options and the weighted average stock exchange price for the year were RTGS$0,71 (2018: RTGS$0,80) and RTGS$2,78 (2018: RTGS$1,88) respectively. No shares were forfeited during the year ended 31 March 2019 (2018: 1 133 000 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 10 August 2018. The estimated fair value of the options granted on this date was RTGS$3,23 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 RTGS$2,1 million (2018: RTGS$1,2 million) in respect of share options in issue.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

17. SHARE CAPITAL (continued)

17.4 Shares under Option (continued)

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	AUGUST 2018	MAY 2017
Grant date share price – RTGS$	**2,00**	0,866
Exercise price per share – RTGS$	**2,00**	0,866
Expected volatility	**21,42%**	Variable
Dividend yield	**3,6%**	3,6%
Risk-free interest rate	**6,5%**	5,6%

In prior years, expected volatility and dividend yield was determined by reference to an entity in a similar industry (AB InBev) 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.

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 2019 was RTGS$21,3 million – 7 906 294 shares, (2018: RTGS$3,5 million – 2 431 000 shares). The Company held a total of 5 632 579 (2018: 16 534 406) 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:

	2019 Number of shares	2018 Number of shares
P Gowero	**1 409 143**	352 000
C C Jinya	**4 431**	4 431
H C Sadza	**—**	764
T Moyo	**3 178**	—
M M Valela	**8 440 733**	7 651 250
	9 857 485	8 008 445

No changes in Directors' shareholdings have occurred between the financial year end and 10 May 2019, being the date of the last meeting of the directors.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

	2019 RTGS$'000	2018 RTGS$'000
19. BORROWINGS		
19.1 Long-term borrowings-Amortised cost		
At beginning of year	**42 746**	—
Long term loans raised	—	20 147
Transfer from short term borrowings	—	12 400
Arising on acquisition of subsidiary	—	10 199
Recognition of functional currency change	**62 697**	—
Balance at end of year	**105 443**	42 746
19.2 Short-term borrowings-Amortised cost		
At beginning of year	**12 400**	60 000
Repayment	**(1 300)**	(35 200)
Transfer from long-term borrowings	—	(12 400)
Recognition of functional currency change	**37 345**	—
Balance at end of year	**48 445**	12 400

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 RTGS$803 million.

The outstanding balances are repayable within twelve months.

	2019 RTGS$'000	2018 RTGS$'000
20. TRADE, OTHER PAYABLES AND PROVISIONS		
20.1 Trade and other payables		
Trade payables	**150 602**	66 683
Accruals and other payables	**100 956**	63 433
	251 558	130 116

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

The average credit period on local purchases of certain goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Due to foreign currency constrains in the economy, the Group has not been able to meet its foreign obligations as and when they fall due. As at year-end an amount of US$40 million was outstanding.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

20. TRADE, OTHER PAYABLES AND PROVISIONS (continued)

20.2 Provisions

	2019 RTGS$'000	2018 RTGS$'000
Employee benefits	**6 403**	7 121
Containers in the market	**26 057**	21 604
	32 460	28 725

	Employee benefits	Containers in the market
Balance at beginning of year	**7 121**	21 604
Additional provision recognised	**(718)**	—
Container market absorption movement	**—**	4 453
Balance at end of year	**6 403**	26 057

* 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

	2019 RTGS$'000	2018 RTGS$'000
21.1 Cash Generated from Operating Activities		
Operating income	**175 488**	104 715
Depreciation	**36 897**	29 388
Profit on disposal of property, plant and equipment	**(2 385)**	(64)
Share option expense	**2 128**	1 193
Other non cash items	**64 096**	9 292
	276 224	144 524
21.2 Increase in Working Capital		
(Increase)/decrease in inventories	**(11 457)**	12 633
(Increase)/decrease in receivables and other assets	**(7 347)**	4 150
Increase in obligation for containers in the market	**4 453**	7 216
(Decrease)/increase in trade and other payables	**(3 432)**	52 958
	(17 783)	76 957

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

	2019 RTGS$'000	2018 RTGS$'000
21. CASH FLOW INFORMATION (continued)		
21.3 Income Taxation Paid		
Balance at beginning of year	**23**	3 729
Current and withholding tax (Ref note 11.1)	**(41 326)**	(24 256)
Arising on acquisition of subsidiary	**1 536**	(883)
Asset at end of year	**(1 933)**	(23)
	(41 700)	(21 433)

The tax asset per note 21.3 is a net of current tax asset of RTGS$8,8 million (2018: RTGS$6,1 million) and a liability of US$6,8 million (2018: RTGS$6,1 million) as shown per Consolidated Statement of Financial Position.

	2019 RTGS$'000	2018 RTGS$'000
21.4 Dividend Paid		
By the company:		
Declared dividend at the beginning of year	**(59 443)**	(28 195)
Current year declared dividend (Ref note 22)	**(210 558)**	(85 476)
Balance at end of year	**44 407**	59 443
	(225 594)	(54 228)
21.5 Movements in Long Term Borrowings		
Balance at beginning of year	**42 746**	—
Transfer from short-term loan	**—**	12 400
Acquired with subsidiary	**—**	10 199
Loans raised	**—**	20 147
Arising from functional currency change	**62 697**	—
Balance at end of year	**105 443**	42 746
21.6 Movements in Short Term Borrowings		
Balance at beginning of year	**12 400**	60 000
Transfer to long-term loan	**—**	(12 400)
Amount repaid	**(1 300)**	(35 200)
Recognition of currency change	**37 345**	—
Balance at end of year	**48 445**	12 400
21.7 Increase in Shareholder Funding		
Proceeds of shares issued:		
By the Company – share options exercised	**5 695**	11 151

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

	2019 RTGS$'000	2018 RTGS$'000
21. CASH FLOW INFORMATION (continued)		
21.8 Cash and Cash Equivalents		
Made up as follows:		
Bank balances and cash	**264 091**	291 226

	2019 RTGS Cents	2018 RTGS Cents	2019 RTGS$'000	2018 RTGS$'000
22. DIVIDENDS				
Prior year dividend paid	**—**	—	**33 502**	—
Current year dividend declared:				
Interim	**7,00**	4,50	**88 285**	56 391
Final	**2,50**	2,70	**31 704**	33 502
Special	**4,50**	—	**57 067**	—
	14,00	7,20	**210 558**	89 893

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 118 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.

2019	Purchases of goods RTGS$'000	Royalties, Technical & other fees RTGS$'000	Sale of goods RTGS$'000	Rental payments RTGS$'000	Amounts Owed by Related parties RTGS$'000	Amounts Owed to related parties RTGS$'000
AB InBev Companies	21 174	**6 804**	—	—	**—**	(61 477)
Associates	35 188	**—**	—	—	**14**	(1 775)
Delta Pension Fund	—	**—**	—	288	**—**	—
	56 362	**6 804**	—	288	**14**	(63 252)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

23. RELATED PARTY TRANSACTIONS (continued)

23.2 Related Party Transactions (continued)

2018	Purchases of goods RTGS$'000	Royalties, Technical & other fees RTGS$'000	Sale of goods RTGS$'000	Rental payments RTGS$'000	Amounts Owed by Related parties RTGS$'000	Amounts Owed to related parties RTGS$'000
AB InBev Companies	48 839	**8 571**	525	—	**70**	(43 807)
Associates	26 647	**—**	—	—	**1**	(1 029)
Delta Pension Fund	—	**—**	—	288	**—**	—
	75 486	**8 571**	525	288	**71**	(44 836)

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 RTGS$0,189 million (2018: RTGS$0,098 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.

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:

	2019 RTGS$'000	2018 RTGS$'000
Short-term benefits	**5 656**	6 818
Post-employment benefits	**512**	484
Share based payments	**1 275**	907
	7 443	8 209
Included in the above amounts are the following in respect of directors' emoluments:		
For services as directors	**279**	247
For managerial services	**1 973**	1 227
	2 252	1 474

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

23. RELATED PARTY TRANSACTIONS (continued)

23.4 Subsidiaries, Associates and Joint Ventures

Name	Country of Incorporation	Principal activity	Effective Interest 2019	Effective Interest 2018
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%
Mandel Training Centre P/L	Zimbabwe	Dormant	100%	75%
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	50%	38%
National Breweries Plc	Zambia	Sorghum Beer Manufacture	70%	70%
Nampak Zimbabwe Limited	Zimbabwe	Plastics & Paper Manufacture	21%	21%
PetrecoZim (Private) Limited	Zimbabwe	Plastics Recycling	15%	15%
Chibuku Holdings Plc	Mauritius	Holding	100%	100%

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.

24. COMMITMENTS FOR CAPITAL EXPENDITURE

	2019 RTGS$'000	2018 RTGS$'000
Contracts and orders placed	—	3 000
Authorised by directors but not contracted for	**135 000**	52 061
	135 000	55 061

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

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 RTGS$700 per month for each employee.

	2019 RTGS$'000	2018 RTGS$'000
25.3 Pension Costs Recognised As An Expense For The Year		
Delta Group Pension Fund	**4 638**	3 716
National Social Security Authority Scheme	**1 538**	1 028
	6 176	4 744

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.

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	
	2019 RTGS$'000	2018 RTGS$'000	2019 RTGS$'000	2018 RTGS$'000	2019 RTGS$'000	2018 RTGS$'000
USD	(201 499)	—	4 635	—	(196 864)	—
Euro	(4 333)	(1 592)	5 805	35	1 472	(1 557)
Rand	(57 921)	(25 830)	2 168	556	(55 753)	(25 274)

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

There was no exposure in USD in prior year as the Group's functional and presentation currency was USD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

26. FINANCIAL RISK MANAGEMENT (continued)

26.2 Foreign Currency Management (continued)

	Euro Impact		Rand Impact		USD Impact	
	2019 RTGS$'000	2018 RTGS$'000	2019 RTGS$'000	2018 RTGS$'000	2019 RTGS$'000	2018 RTGS$'000
Profit/(Loss)	(147)	174	5 575	4 561	19 686	—

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.

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 RTGS$'000	2-12 months RTGS$'000	12-36 months RTGS$'000	Total RTGS$'000
31 March 2019					
Fixed interest rate	7,5	—	48 445	105 443	153 888
Trade and other payables	—	251 558	—	—	251 558
	—	251 558	48 445	105 443	405 446
31 March 2018					
Fixed interest rate instruments	7,5	—	12 400	42 746	55 146
Trade and other payables	—	130 116	—	—	130 116
	—	130 116	12 400	42 746	185 262

The Group has access to financing facilities of which RTGS$86 million were unused at the end of the reporting period. The Group expects to meet its other obligations from operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

26. FINANCIAL RISK MANAGEMENT (continued)

26.4 Liquidity Risk Management (continued)

	2019 RTGS$'000	2018 RTGS$'000
FINANCING FACILITIES		
Unsecured bank loan facility with various maturity dates through to January 2021 and of which:		
Total available	**240 000**	80 000
Amount used	**(153 888)**	(55 146)
Amount unused	**86 112**	24 854

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

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

26. FINANCIAL RISK MANAGEMENT (continued)

26.7 Categories of Financial Instruments

	CLASSIFICATION	2019 RTGS$'000	2018 RTGS$'000
Financial assets			
Cash and bank balances	Fair value through profit or loss	**264 091**	291 226
Trade and other receivables	Amortised cost	**32 331**	24 968
Loans	Amortised cost	**8 455**	8 348
Investments	Amortised cost	**134**	134
Financial liabilities			
Amortised cost:			
Borrowings		**153 888**	55 146
Trade and other payables		**251 558**	130 116

26.8 Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The capital structure of the Group consists of net cash (comprising borrowings as offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings). The Group is not subject to any externally imposed capital requirements. The gearing ratio is 19,95% in current year (2018: 11,11%).

26.9 Financial Risk Management Objectives

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

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.

The acute shortage of foreign currency persists despite the introduction of the interbank foreign exchange market. The Group has outstanding foreign creditors and loans, with the bulk of the debt being overdue. The Board is concerned about the company's ability to access foreign currency in order to meet its external obligations. Strategies to mitigate this challenge are ongoing.

28. Subsequent Events

There were no significant subsequent events affecting the financial statements for the year ended 31 March 2019.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March

	2019 RTGS$'000	2018 RTGS$'000
REVENUE		
Dividend and other income	**234 531**	89 838
Administrative expenses	**(797)**	(513)
Profit before tax	**233 734**	89 325
Taxation	**—**	—
PROFIT FOR THE YEAR	**233 734**	89 325
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**233 734**	89 325

Revenue relates to dividends and management fees received from the subsidiaries, Delta Beverages (Private) Limited, and African Distillers Limited. Both entities are related parties.

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

STATEMENT OF **FINANCIAL POSITION**

as at 31 March

	Notes	2019 RTGS$'000	2018 RTGS$'000
ASSETS			
Non-current Assets			
Interest in associated companies	13,E	**9 069**	19 563
Interest in subsidiaries		**107 470**	13 158
Other investments		**36 634**	14 734
		153 173	47 455
Current Assets			
Loans to Subsidiaries	B	**104 515**	106 862
Trade and other receivables	C	**2 533**	36 454
		107 048	143 316
Total Assets		**260 221**	190 771
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital		**12 681**	12 361
Share Premium		**83 015**	44 976
Share options reserve		**3 446**	4 678
Change in functional currency reserve		**21 900**	—
Retained earnings		**93 322**	67 863
Total Equity		**214 364**	129 878
Current Liabilities			
Trade and other payables	D	**1 450**	1 450
Dividends payable		**44 407**	59 443
Total Equity and Liabilities		**260 221**	190 771

The financial statements were approved by the Board and authorised for issue on 16 May 2019.

P GOWERO
Chief Executive Officer

M M VALELA
Executive Director - Finance

COMPANY STATEMENT OF FINANCIAL POSITION (continued)

for the year ended 31 March

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 Zimbabwe, United Bottlers, Chibuku Breweries, National Breweries Zambia and African Distillers (Private) Limited recognised at cost.

B. LOANS TO SUBSIDIARIES

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

C. TRADE AND OTHER RECEIVABLES

Receivables relates to dividends owing from the subsidiary Delta Beverages 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.

	2019 RTGS$'000	2018 RTGS$'000
Dividend receivable from subsidiary	—	33 502
Other receivables	**2 533**	2 952
Total	**2 533**	36 454

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 investment in Nampak Zimbabwe Limited disclosed in note 13.2. 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 RTGS$'000	Share premium RTGS$'000	Share options reserve RTGS$'000	Change in functional currency RTGS$'000	Retained earnings Restated RTGS$'000	Total equity RTGS$'000
At 1 April 2017		12 222	32 044	7 389	—	57 126	**108 781**
Profit for the year		—	—	—	—	89 325	**89 325**
Other Comprehensive income for the year, net of tax		—	—	—	—	—	**—**
Total Comprehensive Income for the year		—	—	—	—	89 325	**89 325**
Transactions with owners:							
Share options exercised		139	11 012	—	—	—	**11 151**
Share buy back/cancellation	17.5	—	1 920	—	—	2 984	**4 904**
Transfer from share options reserve		—	—	(3 904)	—	3 904	**—**
Recognition of share based payments		—	—	1 193	—	—	**1 193**
Payment of dividends	21.4	—	—	—	—	(85 476)	**(85 476)**
At 31 March 2018		12 361	44 976	4 678	—	67 863	**129 878**
Profit for the year		—	—	—	—	233 734	**233 734**
Other comprehensive income for the year, net of tax		—	—	—	—	—	**—**
Total Comprehensive Income for the year		—	—	—	—	233 734	**233 734**
Transactions with owners:							
Share options exercised		111	5 584	—	—	—	**5 695**
Share buy back	17.5	—	—	—	—	(21 264)	**(21 264)**
Share cancellation		(33)	(20 629)	—	—	20 662	**—**
Share allotment		242	53 084	—	—	—	**53 326**
Transfer from share options reserve		—	—	(2 885)	—	2 885	**—**
Recognition of share based payments		—	—	1 653	—	—	**1 653**
Change in functional currency		—	—	—	21 900	—	**21 900**
Payment of dividends	21.4	—	—	—	—	(210 558)	**(210 558)**
At 31 March 2019		**12 681**	**83 015**	**3 446**	**21 900**	**93 322**	**214 364**

COMPANY STATEMENT OF CASH FLOW

for the year ended 31 March

	2019 RTGS$'000	2018 RTGS$'000
Cash flow from operating activities		
Profit before tax	**233 734**	89 325
Non Cash items	**(56 678)**	—
Less dividends to be included as investing activities	**(177 056)**	(89 325)
Cash generated from trading	**—**	—
Increase in working capital	**45 030**	(28 101)
Cash generated from operating activities	**45 030**	(28 101)
Net cash flow generated from / (utilised in) operating activities	**45 030**	(28 101)
Cash flow from investing activities		
Decrease / (increase) in other investments	**18 685**	(14 658)
Dividend received from associate	**392**	239
Dividend received from subsidiary	**177 056**	89 088
Net cash generated from investing activities	**196 133**	74 669
Cash flow from financing activities		
Dividend paid	**(225 594)**	(54 228)
Increase in shareholder funding	**5 695**	11 151
Share buy back	**(21 264)**	(3 491)
Net cash utilised in financing activities	**(241 163)**	(46 568)
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

	2019	2018
SHARE PERFORMANCE		
PER SHARE (RTGS cents)		
Attributable earnings	**11,19**	7,22
Diluted earnings	**11,05**	7,20
Cash equivalent earnings	**18,21**	10,08
Dividends	**14,00**	7,20
Cash flow	**20,18**	18,00
Net asset value	**61,58**	40,37
Closing market price (RTGS cents)	**225,00**	158,75
ZSE industrial index	**405,57**	291,00
SHARE INFORMATION		
In issue (m's)	**1 258**	1 257
Market capitalisation (RTGS$'000's)	**2 853 368**	1 995 488
Trading volume (m's)	**70,6**	69
Trading percentage (%)	**5,57**	5,49
RATIOS AND RETURNS		
PROFITABILITY		
Return on equity (%)	**18,24**	17,88
Income after taxation to total capital employed (%)	**18,60**	17,82
Pre-tax return on total assets (%)	**13,45**	13,77
SOLVENCY		
Short term debt to total Shareholders' funds (%)	**13,13**	10,98
Interest cover (times)	**8**	18
Total liabilities to total Shareholders' funds (%)	**68,11**	66,74
LIQUIDITY		
Current assets to interest free liabilities & short-term borrowings	**1,17**	1,68
PRODUCTIVITY		
Turnover per employee (RTGS$000's)	**168**	124
Turnover to payroll (times)	**6,88**	6,46
OTHER		
Number of shareholders	**6 573**	6 318

SUSTAINABLE DEVELOPMENT REPORT

We are **Delta Corporation** **Brighter Together**

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 both alcoholic and non-alcoholic beverages. 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. 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 countries 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 TOGETHER with others to find and implement solutions.

SUSTAINABLE DEVELOPMENT REPORT (continued)

The Future Is in Our Brands

We are building a company to last, brewing beer, bottling soft drinks, cordials and building brands that will continue to bring people Together for the next 100 years and beyond.

Sustainability is Our Business

Brewing quality beer and manufacturing our other beverage products starts with the best ingredients. This requires a healthy natural environment as well as thriving communities. We are building a company to last, bringing people Together for a Brighter and Better World, now and for the future. That is why sustainability is not just part of our business, it is our business.

"We want a Brighter and Better 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."

Our program is informed by the UN Sustainable Development Goals (SDGs) and borrows from the refined programs of our strategic partners, AB InBev and The Coca-Cola Company under their 'Bringing People Together for a Better World" and 'Me, We, World" thematic projects respectively.We therefore track our progress and sustainability efforts against our internal benchmarks to best practice and other key indicators from the GRI standards and relevant UN Sustainable Development Goals.

SUSTAINABLE
DEVELOPMENT REPORT (continued)

Sustainability Goals

Delta Corporation, has been dedicated to sustainability for years. We note the macro-economic challenges that constrain our ability to deliver on these commitments. Our sustainability goals aim to deliver a measurable positive impact on the environment and our communities as aligned with UN Sustainable Development Goals, directly contributing to goals such as Smart Agriculture, Water Stewardship and Waste. We summarise these goals into 5 focus areas of Smart Agriculture, Water Stewardship, Climate Action, Circular Packaging and Smart Drinking.

SMART AGRICULTURE

100% of our direct farmers will be skilled, connected and Financially empowered.

WATER STEWARDSHIP

100% reduction of operational water usage.

CIRCULAR PACKAGING

100% of products should be in packaging that is Returnable or made from majority recycled content.

We are Part of Agriculture

As a beverage manufacturer, we rely on 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 can't accomplish our sustainability goals alone. As a leading local and regional corporate, we have to collaborate with governments, NGO partners and other stakeholders to tackle these monumental sustainability challenges".

SUSTAINABLE DEVELOPMENT REPORT (continued)

We are Part of Agriculture

We have taken a farmer-centric approach in our public commitment to ensure 100% of our direct farmers will be skilled, connected and financially empowered. Today we work with over 9 000 farmers including both commercial, communal and smallholder farmers. A contracting split of 91:9 (in terms of tonnage) between communal and commercial sector was achieved for 2018 in sorghum production. In barley production 47 commercial farmers were contracted. We continue with efforts to integrate marginalised communities in the scheme and maintain mutually favourable terms. We engage directly with farmers in our supply chain to help them to improve productivity while conserving natural resources. We are creating secure, sustainable supply chains both for malting barley, maize and sorghum and other key agricultural raw materials such as sugar and juicing fruits. We are helping farmers increase profitability, productivity and social development while reducing environmental impact. Efforts to develop improved varieties that address the ever-changing barley industry's needs continue to be pursued. We partner staff from the department of research and specialist services in the ministry of agriculture. We collaboratively work with seed houses to develop new crop varieties suited to local conditions, and work with farmers to improve their agricultural practices and operations. We believe technology has enormous potential to positively transform the future of farming and hence our focus on research.

We are investing in key enablers and lasting programs that will help improve yields, profitability and stewardship of natural resources.

Smart Agriculture through dedicated supervisory and extension Work.

Smart Agriculture is our flagship agricultural development program which is led by our agronomists to help growers improve their productivity, profitability and natural resource efficiency. A key pillar of our contract schemes is providing farmers with the crop management protocols and training they need to successfully grow crops while also growing their businesses and improving their livelihoods. Our agronomists assess farming practices against weather, soil and market data and give insights to improve productivity and environmental performance.

TOWARDS A 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.***

SUSTAINABLE DEVELOPMENT REPORT (continued)

ADVANCING WATER STEWARDSHIP

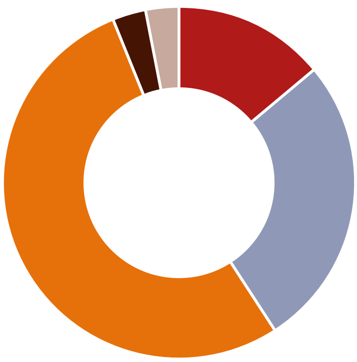
Water quality and availability are critical to brewing and bottling our brands. Without water, there are no beverages. We must also be responsible stewards of water supplies for the communities where we operate. We continue with our efforts to drive water efficiencies in our verticalised operations, including malting, bottling and canning facilities.

We listen carefully to major water conservation organisations and combine their knowledge with our scale and expertise to help ensure a reliable, clean supply of water, not only for ourselves but also for local communities. To guide our water conservation efforts, we actively engage with local experts on watersheds, water systems and sustainable agriculture. These experts help us develop and implement strategies and measure the economic, environmental and social impacts of our efforts. In this respect we have seconded our executives to work with Zimbabwe National Water Authority regional catchment area councils.

Each year we make measurable progress in reducing the amount of water we use to brew beer and bottle our soft drinks and alternative beverages. We achieved this reduction by creating efficiencies in on-site water use.

We have also focused on managing our water-related risks, protecting local watersheds, investing in community water-access programs and engaging our relevant colleagues. We work with City Councils to address water infrastructure and maintenance challenges. We have provided equipment and support to Local Authority maintenance teams to restore water (and electricity) to the industrial areas where we operate when there is a water distribution and reticulation infrastructure challenge (e.g. pipe bursts).

2019 VOLUME SPLIT BY PACK TYPE %



- Returnable Plastic
- Returnable Glass
- Non Returnable Plastic
- Non Returnable Glass
- Cans

SUSTAINABLE DEVELOPMENT REPORT (continued)

CIRCULAR PACKAGING

As one of the country's largest purchasers of glass bottles, aluminium cans, and PET, we continue to champion a circular economy. In this regard, we aim to have 100% of our products in packaging that is returnable or made from majority recycled content.

We aim to achieve our circular packaging vision through four key levers:

1. **Recycle**
   - Increased recycled content in one-way packaging through supplier collaboration.
   - Increase supply of recycled content through post-consumer waste recovery programs through local partnerships.
   - Educate consumers to shift recycling attitudes. (MAD Campaign).

2. **Reuse**
   - Promote and protect returnable packaging.

3. **Reduce**
   - Reduce the amount of material we put into the market.
   - Reduce our carbon footprint.

4. **Rethink**
   - Innovate and scale new materials and products designed for circular economy.
   - Explore the use of alternative materials, technologies and designs for adverse materials.

We have begun by promoting and protecting returnable packaging, increasing the amount of recycled content in our packaging, generating less waste and recovering post-consumer waste, light-weighting our packaging, educating consumers, and partnering with others. 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. We are starting to uncover best practices in many areas but acknowledge that there is much more to learn. We also seek to minimize the amount of waste we send to landfill from our breweries through recycling initiatives, including using waste as fuel in our operations.

Reducing post-consumer packaging waste is an industry-wide challenge. We have partnered with local stakeholders to develop recovery and recycling solutions. 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. 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.

World without waste

The company borrows from the World Without Waste strategy of our global partners The Coca-Cola Company, with a goal of collecting a used bottle or can for every ONE that we sell. Our holistic plan focuses on the entire packaging lifecycle — from how packaging is designed and made to how it's recycled and repurposed.

SUSTAINABLE DEVELOPMENT REPORT (continued)

CLIMATE ACTION

Conserving energy and lowering our carbon footprint

Climate change has far-reaching consequences for our business and for the communities where we live and work. Responsible Sourcing Policy requires all business partners to observe applicable laws and regulations concerning the environment. We also require suppliers to measure and commit to reducing their energy use in manufacturing and transportation.

Reducing supply chain emissions: Our production and distribution processes use significant amounts of fossil fuels and generate CO_2 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 CO_2 emissions. We have Injected CO_2-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. Our production centres track the usages of energy against both internal and international benchmarks as part of the business key performance indicators. 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.

GROWING WORLD

Supporting small enterprises and communities to thrive

As part of our commitment to help communities thrive, we have a responsibility to help the small businesses in our supply chain. From the suppliers that help power our production to the retailers that connect with our consumers every day, small businesses play a vital role as an engine of economic growth and employment.

They are critical to the success of our business operations. We value our relationships with our small business partners and recognise the challenges many face in sustaining and growing their operations, such as limited business skills and the need for affordable financial services and infrastructure. As their business partner, we believe we can help them address these barriers to unlock their entrepreneurial potential and enable us to grow together. In 2018, we evolved our retailer development program to holistically focus on business skills, financial inclusion and infrastructure development. 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 806 retailers were trained in 2018 covering the key modules such as financial management, product handling, understanding beer business and responsible retailing and environmental awareness.

SUSTAINABLE DEVELOPMENT REPORT (continued)

Our communities

The group provides 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 projects for 2018 at Mucklenuck Primary School in Bubi – Matabeleland North Province, and Fairview – Matabeleland South Province of Zimbabwe were completed. 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 to instill 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 enroll for A level and university studies, with a current enrolment of 88 learners. We had a total of 4 learners graduating from local universities in 2018. 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.

Supporting Disaster Relief Efforts

The company responds to disasters, provide humanitarian relief as well as ad-hoc requests for donations. Where we can, we support worthy causes 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

The Company donated RTGS$1,5 million towards Cyclone Idai Aid to alleviate one of the worst disasters experienced in years in the country.

Support to Cyclone Idai victims courtesy of Delta donation

RTGS$1,5million

Donated towards Cyclone Idai Aid to alleviate one of the worst disasters experienced in years in the country.

SUSTAINABLE DEVELOPMENT REPORT (continued)

GROWING WORLD (continued)

COCA-COLA GLOBAL 5 BY 20 INITIATIVE

Our Approach

There is overwhelming evidence that achieving equality and empowerment for women has both immediate impacts that benefit them directly and broader ripple effects that are good for society.

As pillars of their communities, women invest a sizeable portion of the income they earn on the health and education of their children and in their local economies, creating a tremendous economic impact.

Women around the country are already pillars of our business system. In 2012, we built on that foundation and developed our 5by20™ initiative in recognition of both the challenges faced by women and their economic potential. 5by20 is The Coca-Cola Company's global commitment to enable the economic empowerment of 5 million women entrepreneurs across the **company's value chain** by 2020.

Specifically, this means the small businesses that the Company work with across the country — from fruit farmers and recyclers to retailers and artisans.

What Empowerment Looks Like

Through 5by20, we address the most common barriers women face when trying to succeed in the marketplace. This initiative offers women access to business skills training courses, financial services and connections with peers or mentors - along with the confidence that comes with building a successful business.

The Power of Partnerships

Achieving our share of the vision of enabling the economic empowerment of 5 million women by 2020 worldwide depends on building scalable models and powerful partnerships. In particular, our **Golden Triangle approach** to partnership across business, civil society and government is vital to maximizing the impact of our programs and making them more sustainable. 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. 2 000 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 is running a campaign in which a classroom block is being built at Cheuchi Primary School in Mashonaland West province. In 2018 $10 000 and RTGS$ 10 000 bricks were donated for the cause.

HEALTHIER WORLD

Making a **tangible** contribution

We want every experience with a beer to be a positive one. We believe the harmful use of alcohol is bad not only for our consumers, our colleagues, and our families but also for our business.

For these reasons and more, we support the World Health Organization's (WHO) global target of a 10% or greater reduction in the harmful use of alcohol by 2025, as well as with the focus within the UN Sustainable Development Goals to strengthen the prevention of harmful use of alcohol.

Our smart drinking goals

We have established our **Smart Drinking Goals** to contribute to the reduction of harmful use of alcohol. These goals are intended to serve as a laboratory for identifying, testing and implementing evidence-based programs that are independently evaluated.

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

SUSTAINABLE DEVELOPMENT REPORT (continued)

HEALTHIER WORLD (continued)

SOCIAL NORMS AND SOCIAL MARKETING

We work with our global partners to use our marketing capabilities to influence social norms and individual behaviors around smart drinking. We have updated our Smart Drinking Commercial Communications Code (SDCC) to continue marketing our beers in a responsible way by not appealing to underage consumers, by not depicting irresponsible alcohol consumption, and by putting safeguards in place on our digital platforms. The updated Code includes an internal review and approval process to ensure compliance. 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.

INFLUENCING SOCIAL NORMS AND BEHAVIOUR

Responsible Consumption

We continue to work with 11 Zimbabwean universities under the BOOST Fellowship, Enactus, a program 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)

We refreshed the Pledge <18, programme in 2018. This programme advocates against underage drinking while driving the commitment of young people to this cause through signing their pledges. The programme partners ZIMPACT, BOOST and National Blood Services.

Tackling road safety together

We invest in innovative programs to improve road safety and reduce injuries and fatalities from traffic accidents. This work is aligned with UN Sustainable Development Goals 3 (Good Health and Well-Being), 11(Sustainable Cities and Communities), and 17 (Partnerships for the Goals). In 2017, we expanded our Road Safety program "Taming the Traffic Jungle" in partnership with Traffic Safety Council, distributing more than 500,000 fliers across the country especially during holiday periods. We continue to work with the industry association, ZABMA, government and local partners to implement road safety intervention programs.

We ran the designated driver campaign successfully and used 3 key musical events in 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.

CHOOSE
GREAT COKE TASTE
WITH OR WITHOUT SUGAR

Taking Action and Expanding Choice

People's tastes and preferences are changing, so we're changing, too.

Driven by our passion for consumers, we have been shifting our mindset and culture, as well as the way we measure our success, resulting in bold action to transform our portfolio.

Gradually reducing sugar across our entire portfolio

Making smaller, more convenient packages so controlling sugar intake is easier

Offering more new drinks that provide benefits like nutrition and hydration

Giving people the information, they need to make informed choices

SUSTAINABLE DEVELOPMENT REPORT (continued)

HEALTHIER WORLD (continued)

INFLUENCING SOCIAL NORMS AND BEHAVIOUR (continued)

Responsible retailing and consumption

a) **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.

b) **Strengthening our internal governance systems**
We continue training employees in the Alcohol Intelligence Quotient (AIQ) and the Alcohol Behaviour & Communication (AB&C) Programmes. We subject all marketing material to review by the compliance committee which has an external and independent chairperson. We continue to run the responsible drinking icons on adverts and beer labels. We place 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 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.

WORK PLACE SAFETY

Increasing workplace safety

The safety of our employees is our top priority. We are committed to doing everything possible to create a safe work environment. We encourage employees and contractors to follow safe practices and make healthy choices in our workplaces and local communities. Our safety programs are vital to our operations - and essential to our people and communities.

In 2018, we continued to improve our safety performance, but know we can do better. 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. 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.

SUSTAINABLE DEVELOPMENT REPORT (continued)

WORK PLACE SAFETY (continued)

Increasing workplace safety

We are reinforcing the Respect the Road Safety Campaign 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.

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. There was a 10.8% decrease in reported lost production time due to illness compared to the same period last year. Health related issues and off work injuries were the major contributors to lost time. Injuries on duty decreased by 46% to last year. There was a 66% reduction in lost time due to injuries on duty compared to last year.

Hiring and developing diverse talent

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. We employ on average 4 800 employees of which 75% are permanent. There is a focus on increasing the ratio of female employees particularly at 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.

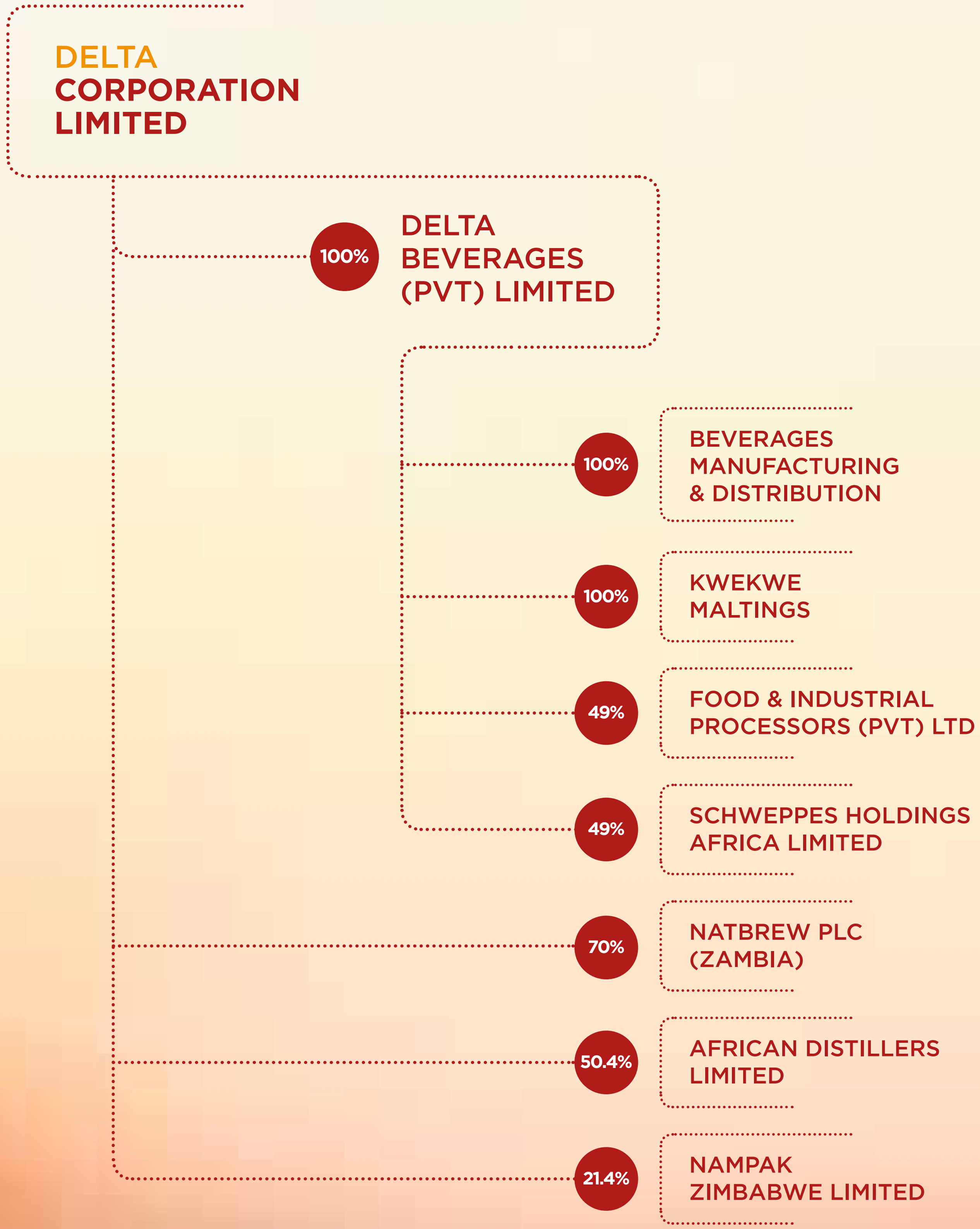
Measuring Employee Engagement

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 70 days 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.

GROUP **STRUCTURE**



Delta Corporation Limited and its subsidiary and associated companies are registered in Zimbabwe except for Natbrew Plc which is incorporated in Zambia..

PORTFOLIO OF BUSINESSES

ACTIVITIES

DELTA BEVERAGES (PVT) LIMITED

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, 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

SUBSIDIARIES AND ASSOCIATES

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

NATIONAL BREWERIES PLC – ZAMBIA

5 traditional beer breweries (3 operational),
5 distribution depots
Chibuku Super, ShakeShake

NAMPAK ZIMBABWE LIMITED

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

FOOD AND INDUSTRIAL PROCESSORS (PVT) LTD

Wholesale distributor of starches and glucose

MANDEL TRAINING CENTRE (PVT) LIMITED

Training and leadership development
1 Training & Conference Centre

PETRECOZIM (PVT) LIMITED

Recycling of PET plastics
1 Factory

DIRECTORATE AND MANAGEMENT

BOARD OF DIRECTORS

CHAIRMAN

C F Dube	LLB; MBA ~

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

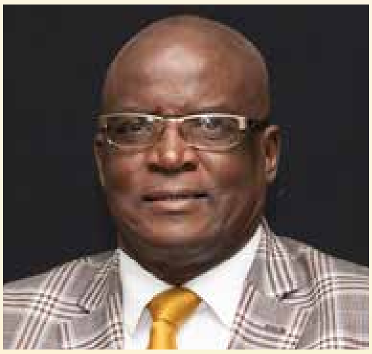
E Fundira	Bsc Econ
S J Hammond	B.Comm; CA(Z) ~
Dr C C Jinya	B A Econ, DBS (Honoris Causa)
J A Kirby	B Acc: CA(SA) ~*
A S Murray	B A Maths & Econ, MBA
T Moyo	B. Acc; CA(Z) *
L E M Ngwerume	BA; MBA;IMS
T N Sibanda	B Acc; CA(Z) *
L A Swartz	BA (Hons); Dip HR

*** 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	Operations Director - Beverages
M Gambiza	B. Compt (Hons) CA(Z)	General Manager - Sparkling Beverages
A Makamure	B. Acc (Hons) CA(Z), LLB (Part)	Company Secretary/ Corporate Affairs Director
C D Malaba (Mrs)	B Acc(Hons) B Compt, CA(Z)/SA	Supply Chain Director
D Mange	B.Sc; MBL	Director - Information Technology
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
R Palale	ZICA; FCCA; MBA	Managing Director - Natbrew
C Z Gombera	BBS (Hons); MBA	Managing Director - Afdis

BOARD OF DIRECTORS



CANAAN FARIRAI DUBE

(LLB; MBA) – CHAIRMAN OF THE BOARD OF DIRECTORS

Canaan Dube joined the board in February 2004 and was appointed as Chairman in August 2010. He is a member of the Remuneration and Nominations committees. Mr Dube is a senior partner with law firm Dube, Manikai and Hwacha Legal Practitioners. He sits on the boards of Edgars Stores Limited, Bata Zimbabwe (Pvt) Ltd and Quality Corporate Governance Centre (Pvt) Ltd t/a Zimbabwe Leadership Forum. He has recently stepped down from the board of Barclays Bank Zimbabwe and as chairman of the Midlands State University Council. He is studying for a doctorate, focusing on corporate governance.

PEARSON GOWERO

(Bsc Econ (Hons); MBL) – GROUP CHIEF EXECUTIVE OFFICER

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 board of Seed Company Zimbabwe and the boards of the Company's subsidiary and associate companies, notably as Delta Beverages, Natbrew Plc (Zambia), Afdis Limited and Nampak Zimbabwe.

MATLHOGONOLO MOTHIBEDI VALELA

(B Tech (Accounts), CA (Z) – EXECUTIVE DIRECTOR FINANCE

Matlhogonolo Valela was appointed as Executve Director - Finance in June 2011. Mr Valela 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.

BOARD OF DIRECTORS (continued)

DR CHARITY CHIRATIDZO JINYA

(B.A Econ; DBS (Hons Causa)

Fellow Institute of Bankers) Dr Charity Chiratidzo Jinya joined the board on 1 April 2016. She is currently the Managing Director of Nedbank Zimbabwe (recently rebranded from MBCA Bank) and is a past 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. Dr Jinya is involved with various charities in the education and church sectors and youth mentorship programmes.

JONATHAN ANDREW KIRBY

(B.Acc; CA(SA)

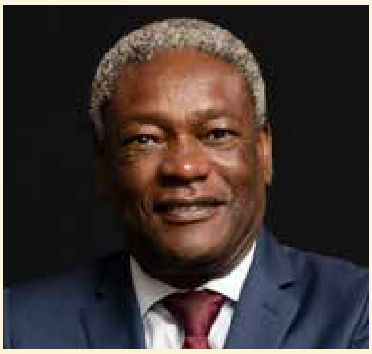
Jon Kirby joined the board in August 2012. Mr Kirby is a member of the Remuneration and Audit committees. Jon retired from the AB InBev Group in July 2017 where he was the Vice President Finance of the Africa Zone and a long-time Finance Director of then SABMiller Africa, a group he joined in 1992. He has held various finance positions in SABMiller Africa and Asia (now AB InBev) and sat on a number of subsidiary company boards. He sits on the board of ZamBeef Products Plc (Zambia) and Consol Glass Pty (South Africa).

TODD MOYO

(B.Acc; CA(Z)

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

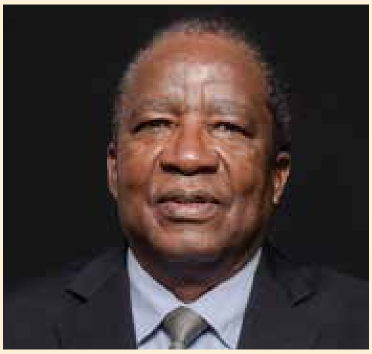
BOARD OF DIRECTORS (continued)



LUKE EDWARD MATHEW NGWERUME

(BA; MBA; IMS)

Luke Ngwerume joined the board in November 2007. Mr Ngwerume is the Chief Executive of ZimSelector. com and chairs Stiefel Investments Private Limited, an investment entity. He also sits on the boards of Cimas Medical Society, CABS, Old Mutual Nigeria and Standard Telephone & Cables and chairs the board of Axia Corporation. He retired from the position of Chief Executive of Old Mutual Zimbabwe in 2012 after serving the group for a number of years.



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. Mr Sibanda 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.

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 an executive at Old Mutual Zimbabwe where he is the Managing Director of CABS, the banking unit of Old Mutual and has held various positions within the Old Mutual Group in Zimbabwe and Africa, having joined the Group in 1999. Previously he was a partner of KPMG in Zimbabwe and is a past President of the Institute of Chartered Accountants of Zimbabwe. He also chairs the board of governors of Peterhouse Group of Schools.

ANDREW MURRAY

(MBA Finance, BA (Maths & Economics)

Andrew Murray joined the Board in July 2017 as a representative of Anheuser-Busch In-Bev. Mr Murray is currently the Vice President Finance for AB In-Bev Africa Zone. He joined AB In-Bev in 2013 and was most recently the Global Director for Mergers and Acquisitions, having worked in special projects with a focus on business processes optimisation. He had previously worked as team leader and consultant manager at Bain & Co, a leading global strategy consulting firm.

BOARD OF DIRECTORS (continued)

EMMA FUNDIRA

Bsc Econ (Hons)

Mrs Emma Fundira joined the Board in January 2019. Mrs Fundira is the Managing Director and co-founder of Finesse Advisory Services, a financial consultancy which provides corporate financing and asset management solutions. She had a career in merchant banking with the country's leading financial institutions. Emma holds a BSc Economics (honours) from the University of Zimbabwe where she has also lectured in economics. Mrs Fundira is currently a non-executive director of First Capital Bank Zimbabwe (formerly Barclays Bank), Nampak Zimbabwe, Cimas, Boost Fellowship and a Trustee of African Women's Entrepreneurship Program. She has served on the boards of leading private schools.

LUCIA ADELE SWARTZ

BA (Psychology & Geography), Dip HR

Ms Lucia Adele Swartz joined the Board in January 2019 as a representative of AB InBev, where she is the Vice President People at the Africa Zone. Lucia holds a degree in Psychology and Geography from the University of Western Cape and diplomas in human resources and management. She joined AB InBev Africa (formerly SABMiller Africa) in February 2015, having worked in senior human capital roles at Sappi Limited where she worked for 13 years. She has also worked for leading international companies such as Seagram Spirits & Wine Group, BP and Reckitt & Coleman. She serves on the boards of AB InBev entities such as Tanzania Breweries and SAB Limited. She has served as a non-executive director of New Clicks and other AB InBev subsidiaries.

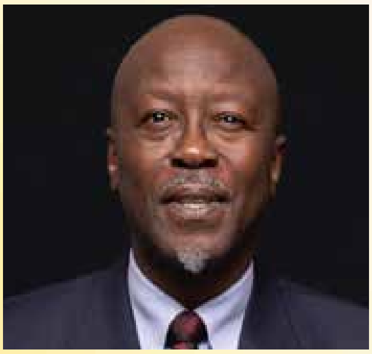
RICHARD RIVETT-CARNAC

BCom BBS CA(SA)

Mr Richard Rivett-Carnac is the alternate director to the AB InBev representative directors. Mr Rivett-Carnac is a chartered accountant and is currently director responsible for mergers and acquisitions and treasury at the Africa Zone in South Africa. He has spearheaded the company in its divesture from the bottling and sorghum beer entities. He has previously worked for SABMiller in both South Africa and the United Kingdom on mergers and acquisitions, public flotations, and various due diligence processes. He has also worked for an investment bank and as portfolio analyst.

GROUP MANAGEMENT COMMITEE

The profiles of the Chief Executive and Finance directors are included under Board of Directors.



ETHERTON RUNYARARO MPISAUNGA

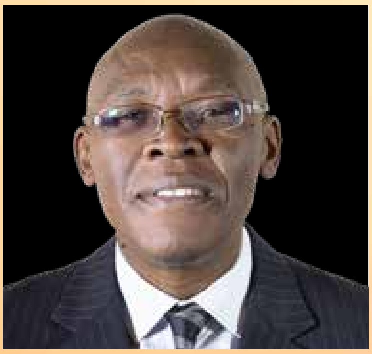
BSC (HONS) - Operations Director – Beverages

Etherton Mpisaunga was appointed as Operations Director – Beverages in 2010. Mr Mpisaunga is currently focussing on the Sorghum Beer operations in both Zimbabwe and the region. He initially joined the Group in 1984 and left in 1992 to work for The Coca Cola Company. He rejoined the Group in 1995 and has held various senior management positions within the Sorghum Business Division and Beer marketing.

MAXEN KAROMBO

B. TECH (MGMT.); MBA; MCIM – Operations Director Beverages

Maxen Karombo was appointed as Operations Director responsible for the Lager Beer and Soft Drinks business units in April 2018 and remains in charge of Group Marketing. Mr 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 of Tobacco Sales Limited, Zimnat Life Assurance and Leonard Cheshire Disability Trust of Zimbabwe.



MOSES GAMBIZA

B. COMPT (HONS); CA (Z) - General Manager – Sparkling Beverages

Moses Gambiza was appointed General Manager – Sparkling Beverages in April 2014. Mr Gambiza 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.

GROUP MANAGEMENT **COMMITEE** (continued)

ALEX MAKAMURE

B. ACC (HONS); CA (Z) - Company Secretary/Corporate Affairs Director

Alex Makamure was appointed as Company Secretary in January 2006. Mr Makamure is currently also responsible for Group Treasury and Corporate Affairs. In this role, he has covered additional responsibilities in procurement, tax administration and group accounting. 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 Limited as a company representative and is a non-executive chairman of African Sun Limited.

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 was promoted to the Head of Risk and Internal Audit in 2003. In 2010 Mrs Malaba was seconded to The Coca-Cola Company in East Africa on a senior management development program. This culminated in her promotion to the Group Management Committee as General Manager - Operations heading the Southern Region in April 2011. She also sits on the boards of Rainbow Tourism Group and the Culture Fund and member of the Business Council for Sustainable Development Zimbabwe.

DAVISON MANGE

BSC (UZ); MBL (UNISA) Director - Information Technology

Dave Mange was appointed to Director Information Technology in 2011. He joined the Group's IT Internship programme in 1990. Mr Mange held various management positions before his appointment as General Manager Information Technology in 2007.

DR MUNYARADZI GODFREY NYANDOROH

BSC (HONS) (UZ); MSC (UZ); PHD (KENT)
General Manager – Lager Beer Business

DR Munyaradzi Nyandoroh was appointed General Manager – Lager Beer Business in April 2014. Dr Nyandoroh 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 COMMITEE (continued)

MARSHALL PEMHIWA

BSC. (HONS) PSYCH; HR DIP; DIP OCC. PSYCH; MBA
Human Resources Director

Marshall Pemhiwa was appointed Human Resources Director in April 2011. Mr Pemhiwa 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 is a past president of the Institute of People Management.

TICHAFA RINOMHOTA

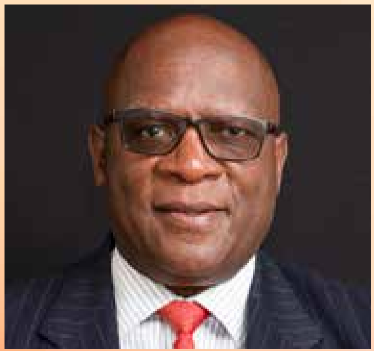
BSC ENG; MBA General Manager - Sorghum Beer Business

Tichafa Rinomhota was appointed the General Manager – Sorghum Beer in April 2017. Mr Rinomhota was recently the Group Technical Director in 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.

RONNY PALALE

(ZICA; FCCA; MBA) General Manager - National Breweries Plc - Zambia

Ronny Palale is a Fellow of Zambia Institute of Chartered Accountants (ZICA) and fellow of Association of Chartered Certified Accountants UK (ACCA) with wide and varied experience. Mr Palale joined SABMiller in 2004 as an Executive Assistant to the Managing Director of National Breweries Plc. Zambia then rising through the ranks as Operations Director in 2008. In 2012 he was appointed General Manager of Heinrich's Beverages tasked with growing the non-alcoholic dairy beverage interests. Latterly Ronny held the position of Route to Consumer Manager for Zambia Breweries Plc. a subsidiary of ABInbev. Prior to joining SABMiller, Ronny worked for KPMG in Lusaka.



CECIL GOMBERA

BA (HONS); MBA Managing Director – African Distillers Limited

Cecil Gombera was appointed as Managing Director African Distillers Limited in July 2013. He joined the company in October 2012 as the Chief Operating Officer and Executive Director. Mr Gombera is a renowned marketing practitioner having worked for a number of fast-moving consumer goods companies such as Lyons, National Breweries (Delta Lager Beer Division) and Unilever for many years. He also worked for a clothing label.

NOTICE TO **MEMBERS**

NOTICE IS HEREBY GIVEN THAT THE 72ND 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 26 JULY 2019 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 2019 together with the Report of Directors and Auditors thereon.

2. TO APPOINT DIRECTORS

Mrs E Fundira and Ms L A Swartz will retire at the end of their interim appointments and offer themselves for re-election Per policy, Messrs C F Dube, S J Hammond, L E M Ngwerume and T N Sibanda retire annually whilst Dr C C Jinya is 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 2019.

4. To appoint Auditors for the current year and to approve their remuneration for the year past. Members will be asked to appoint Deloitte & Touche as auditors for the ensuing year.

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
28 June 2019

SHAREHOLDERS ANALYSIS

SIZE OF SHAREHOLDING	NUMBER OF HOLDERS	%	ISSUED SHARES	%
1 to 5 000	**5 161**	78,52	4 498 355	0,35
5 001 to 10 000	**344**	5,23	2 438 715	0,19
10 001 to 25 000	**333**	5,07	5 251 929	0,41
25 001 to 50 000	**183**	2,78	6 565 035	0,52
50 001 to 100 000	**148**	2,25	10 455 851	0,82
100 001 to 500 000	**239**	3,64	53 271 450	4,18
Over 500 000	**165**	2,51	1 191 314 654	93,52
	6 573	**100,00**	**1 273 795 989**	**100,00**

CATEGORY				
Local Companies	**729**	11,1	103 213 331	8,1
Foreign Companies	**10**	0,2	519 750 057	40,8
Pension funds	**372**	5,7	151 318 889	11,9
Nominees, Local	**147**	2,2	26 129 590	2,1
Nominees, Foreign	**86**	1,3	269 816 375	21,2
Insurance Companies & Banks	**54**	0,8	166 150 179	13,0
Resident Individuals	**4 563**	69,4	28 463 042	2,2
Non Resident - Individuals	**226**	3,4	1 913 298	0,2
Investments & Trusts	**222**	3,4	5 148 512	0,4
Fund Managers	**30**	0,5	796 579	0,1
Deceased Estates	**94**	1,4	533 621	0,0
Other Organisations	**40**	0,6	562 516	0,0
	6 573	**100,0**	**1 273 795 989**	**100,0**

Included in the category of ‘Over 500 000 shares’ is Delta Employee Share Participation Trust Company Private Limited which holds 14 238 211 shares on behalf of 2 650 employees who participate in the scheme.

TOP TEN SHAREHOLDERS

SHAREHOLDER	2019	%	2018	%
AB InBev Zimbabwe BV (NNR)*	**304 066 533**	23,9	289 066 533	23,0
Stanbic Nominees (Pvt) LTD NNR	**296 829 286**	23,3	312 595 186	24,9
Rainer Inc,*	**193 137 519**	15,2	193 137 519	15,4
Old Mutual Life Assurance Co.	**155 012 722**	12,2	144 431 115	11,5
Standard Chartered Nominees - NNR	**44 820 288**	3,5	45 575 527	3,6
Old Mutual Zimbabwe Ltd	**34 296 028**	2,7	36 451 050	2,9
National Social Security Authority (NPS)	**23 585 731**	1,9	23 185 731	1,8
Browning Investments NV*	**22 178 835**	1,7	22 178 835	1,8
National Social Security Authority (WCIF)	**15 650 630**	1,2	13 827 237	1,1
Delta Employees Share Participation Trust Co.	**14 238 211**	1,1	14 329 711	1,1
Delta Corporation Limited	**5 632 579**	0,4	16 534 406	1,3
Other	**164 347 627**	12,9	146 052 751	11,6
	1 273 795 989	**100,0**	**1 257 365 601**	**100,0**

* AB InBev entities

SHAREHOLDERS ANALYSIS (continued)

MAJOR SHAREHOLDERS	2019	%	2018	%
Old Mutual	**189 308 750**	14,9	180 882 165	14,4
AB InBev entities	**519 382 887**	40,8	504 382 887	40,1
	708 691 637	**55,7**	**685 265 052**	**54,5**
RESIDENT AND NON RESIDENT SHAREHOLDERS				
Resident	**465 516 956**	36,5	443 704 430	35,3
Non-Resident	**808 279 033**	63,5	813 661 171	64,7
	1 273 795 989	**100,0**	**1 257 365 601**	**100,0**

SHARE PRICE INFORMATION

Mid Range Price (RTGS cents) at:	
30 June 2018	180,0
30 September 2018	220,0
31 December 2018	272,9
31 March 2019	225,0
Price Range:	
Highest: 11 October 2018	436,35
Lowest: 03 April 2018	158,75

CALENDAR

72nd Annual General Meeting	26 July 2019
Financial Year End	31 March 2019
Interim Reports:	**Anticipated Dates:**
6 months to 30 September 2019	November 2019
12 months to 31 March 2020 and	
Final dividend declaration	May 2020
Dividend Payment Date – final	June 2020
Annual Report Published	July 2019

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Telephone: 263 242 883865/72
E-mail: a.makamure@delta.co.zw

TRANSFER SECRETARIES:

Corpserve (Private) Limited
2nd Floor
Intermarket Centre
Cnr. Kwame Nkrumah / 1st Street
(P O Box 2208)
Harare
Zimbabwe
Telephone: 263 242 751559/61
E-mail: corpserve@corpserve.co.zw

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