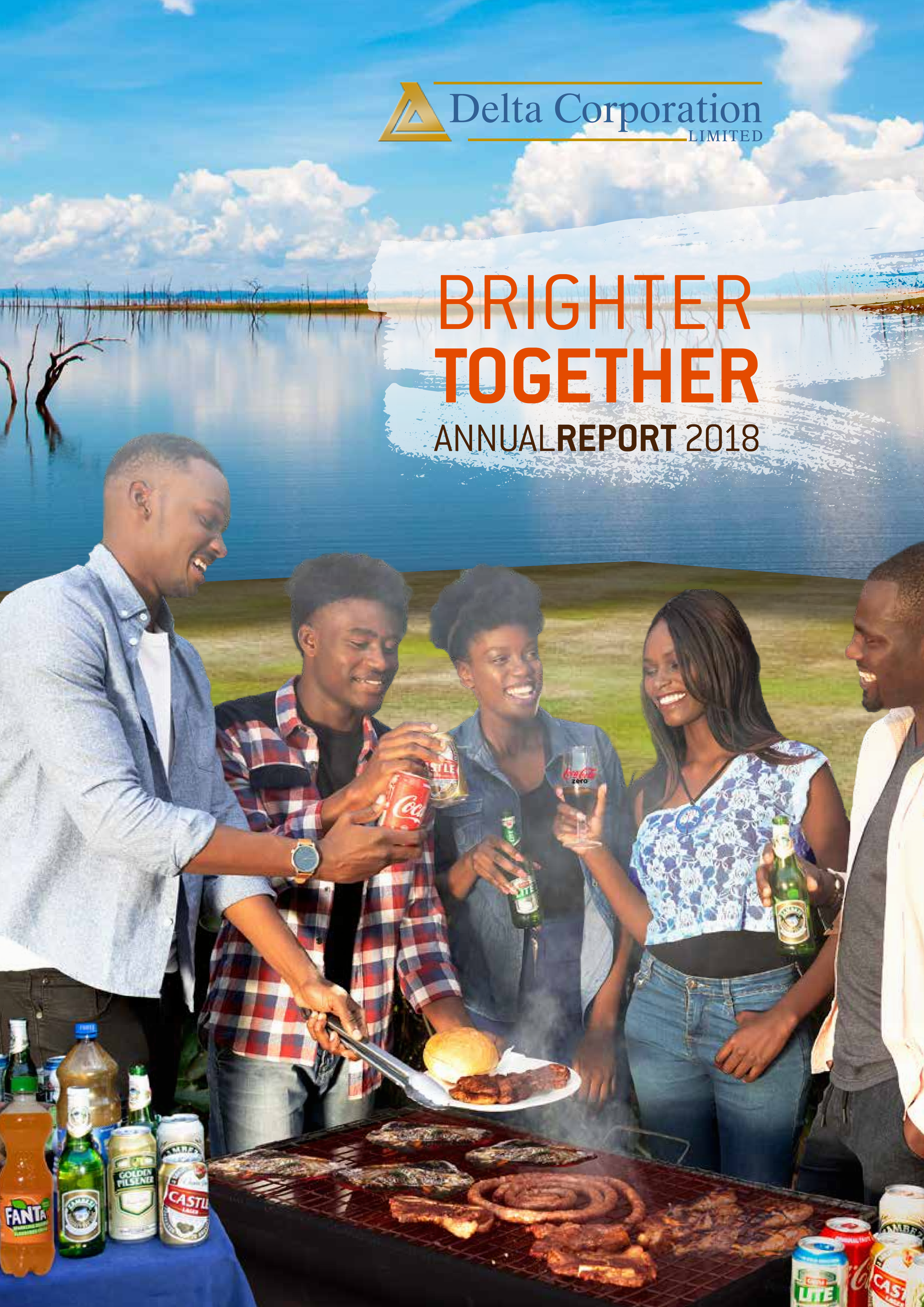
Delta Corporation
LIMITED

BRIGHTER **TOGETHER**

ANNUAL**REPORT** 2018



BRIGHTER **TOGETHER**

ANNUAL**REPORT** 2018

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

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

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SHAREHOLDER INFORMATION

VALUES STATEMENTS

VALUES STATEMENTS (CONTINUED)

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

COMPANY PROFILE (CONTINUED)

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

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

The Company is listed on the Zimbabwe Stock Exchange and was first listed in 1946 as Rhodesia Breweries Limited. Its origins, however, date back to 1898 when the country's first brewery was established in Cameroon Street, (Salisbury) Harare, from where the brewing industry developed into a major industrial and commercial operation. By 1950, the Company had built the Sable Brewery in Bulawayo, producing pale ale, milk stout and Sable Lager. Over the years the Company continued to expand its portfolio of businesses and diversified its brewing base. In 1978 the name was changed to Delta Corporation Limited and the Company assumed the mantle of a holding company for a broad range of interests serving the mass consumer market.

These included lager and sorghum beer brewing, bottling of carbonated and non-carbonated soft drinks, supermarket and furniture retailing, tourism and hotels and various agro-industrial operations.

The hotel, supermarket and furniture retailing businesses were demerged from the Group in 2001 to 2002 resulting in the Group focusing on the core beverages sectors. Some supply chain related investments remained part of the Group until 2014 when the plastic packaging entity, MegaPak, was demerged. The Company has a minority shareholding in the packaging group, Nampak Zimbabwe.

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 the 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.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Unfavourable general economic and political conditions in the country

The economic environment continues to deteriorate and this increases the overall risk of doing business. Consequently, fiscal revenues are inadequate. The political environment, although peaceful, remains turbid. There were some significant changes in the political leadership during 2017 but the true direction will only emerge after the general elections which are due in mid-2018. There are current efforts to re-integrate the country into the family of nations; this will fully resolve when the country holds credible elections and addresses governance issues. There is hope that an improved political dispensation will give rise to economic recovery and stability.

A key factor of concern is the scarcity of foreign currency, which gives rise to constrained supplies of imported materials and services, disrupting production operations thus 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 consumption of alcohol and sugar sweetened beverages. These issues would impact on consumer preferences, restrictions on the permissible advertising style, media messages and the marketing, labelling, packaging or sale of these beverages could impact on performance.

Product Safety, Quality Issues and Trademarks

Our success depends largely on our ability to maintain and enhance the image and reputation of our brands/products. We have rigorous product safety and quality standards which we endeavour to meet. Any product that becomes contaminated or adulterated may be subject to product liability claims and negative publicity which impacts on the business. Any failure to protect the company's intellectual property rights, trademarks, patents, trade secrets and knowhow may have adverse effects on the business. 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 strength of the US dollar against the regional source market currencies will place pressure on local pricing of certain brands and packs. We continue to strengthen our capabilities in marketing and innovation and to review value chain costs.

PRINCIPAL RISKS AND UNCERTAINTIES (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 demand of our products.

b) Policies

The policy environment remains unpredictable particularly relating to fiscal compliance, financial markets and implementation of various regulations. Policy uncertainty impacts on our ability to plan for the future. Of particular note are issues related to currency management, bank transaction limitations and other measures that impact on the ability of consumers to purchase our products.

c) Currency and Monetary Asset Values

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. There are challenges in foreign remittances giving rise to debate about the relative values of the transactional currencies and monetary assets.

Environmental Management Policies

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

Information and Cyber Security

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

Default by counterparty financial institutions or customers

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

Instability in the supply of utilities and agricultural raw materials

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

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

Reliance on Franchise Arrangements and Brands

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

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 MARCH

	2018	2017	2016	2015	2014
GROUP SUMMARY (US$'000)					
Revenue	**572 227**	482 968	538 198	576 552	602 224
Earnings before interest, tax, depreciation and amortisation	**134 103**	112 758	128 928	143 168	158 704
Profit after tax	**88 508**	69 885	80 089	92 800	107 193
Attributable earnings	**88 829**	69 885	80 089	91 943	105 664
Net Funds	**236 080**	113 334	101 016	63 611	15 196
Total Assets	**837 400**	704 089	696 238	663 665	619 886
Market Capitalisation	**1 995 488**	1 070 110	699 927	1 304 697	1 427 799
SHARE PERFOMANCE (US cents)					
Earnings per share					
Attributable earnings basis	**7,22**	5,70	6,49	7,44	8,55
Cash equivalent earnings basis	**10,08**	8,24	9,53	10,13	11,48
Cash flow per share	**18,00**	10,85	12,20	11,25	12,20
Dividends per share	**7,20**	5,45	4,70	3,65	3,55
Net asset value per share	**40,37**	38,81	39,53	36,96	32,87
Market price per share	**158,75**	86,00	56,25	105,00	115,00
FINANCIAL STATISTICS (%)					
Return on equity	**17,88**	14,69	16,41	20,14	25,63
Operating margin (operating income to net sales)	**20,75**	19,07	20,00	22,08	25,02

FINANCIAL HIGHLIGHTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

EBITDA
INCREASED BY 19% TO
US$134,1 MILLION

OPERATING INCOME
INCREASED BY 28% TO
US$104,7 MILLION

REVENUE
INCREASED BY 18% TO
US$572,2 MILLION

EARNINGS PER SHARE
INCREASED BY 27% TO
US7,22 CENTS

ATTRIBUTABLE INCOME
INCREASED BY 27% TO
US$88,8 MILLION

DIVIDEND PER SHARE
US7,20 CENTS

CHAIRMAN'S LETTER TO SHAREHOLDERS

DEAR SHAREHOLDER,

The Company registered a strong performance in a difficult operating environment. Despite difficulties with foreign remittances, we maintained our selling prices and held down costs to deliver good returns to our shareholders. Together with our value chain partners, we ensured that our consumers continue to enjoy their favourite beverages at best value while striving to benefit from economies of scale. Notwithstanding our best efforts, regrettably, there were supply gaps occasioned by shortages of raw materials and services as foreign remittances became increasingly difficult during the year.

CHAIRMAN'S LETTER TO SHAREHOLDERS (CONTINUED)

The year experienced firm consumer demand particularly in the second half across all beverage categories. In the beer segment, lager and sorghum beer volume grew 27% and 2% respectively above prior year while the sparkling beverages volume grew 15% above last year. Revenue growth of 18% (organic 17%) resulted in Earnings Before Interest and Tax (EBIT) growing 28% above last year with a strong contribution from each beverage category. Strong cash flow generation arose from improved working capital. Included in the Net Cash balance of US$236 million is cumulative US$59 million in unremitted dividends payable to foreign shareholders and US$46 million in overdue foreign creditors.

Our new Zambian subsidiary acquired on January 1, 2018, National Breweries Plc registered a 21% volume growth for the quarter on improved product supply. We look forward to its positive contribution in the future.

Capital projects have been curtailed by foreign currency constraints.

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. The discussions amongst the parties are ongoing.

OUTLOOK

We look forward to an economy-wide correction of value chain costs and prudent management of fiscal and foreign currency resources as these will be critical for local industry competitiveness. Limitations of foreign supplies may increasingly compromise the Company's ability to service the market. Your company will continue to seek growth opportunities as mitigatory measures are undertaken to reduce the impact of the macro environmental challenges.

DIVIDEND

The Board declared a final dividend of US2,70 cents per share which was paid on 4 May 2018. This brings the total dividend paid this financial year to US7,20 cents per share.

For and on behalf of the Board

C F Dube
Chairman
4 May 2018

REVIEW OF OPERATIONS

BEVERAGES BUSINESS OVERVIEW

The business witnessed two distinct trading environments during the year. The first half of the year was mixed with pockets of recovery in some beverage categories and the second half benefitted from a strong demand fueled by the changed political landscape.

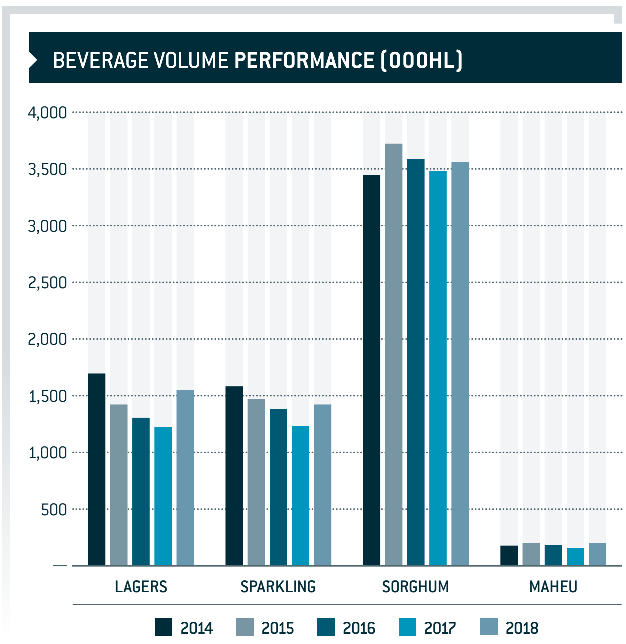
The challenges in remitting foreign payments gave rise to the re-emergence of parallel markets for accessing hard currency leading to pricing distortions coupled with the cash shortages and transactional challenges in the economy. There were, however, some benefits from the improved output from small scale mining and agriculture.

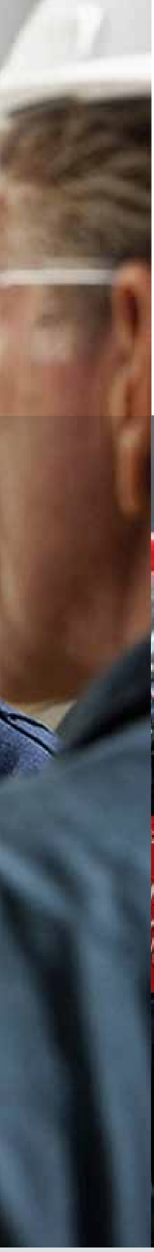
The Company maintained its retail prices despite the resurgence of inflation driven by the multiple pricing of goods and services depending on the 'currency' or mode of payment. The stable pricing has supported the Company's strategy to increase throughput and benefit from economies of scale.

The country witnessed significant political changes in November 2017, notably the inauguration of a new President and new government whose focus has been to restore general freedoms, re-engagement with the international community and the revival of the economy. These developments restored hope in the general populace, with the festive mood driving demand of our beverages.

The second half of the year recorded buoyant demand across the beverage categories. The volume recovery was, however, slowed down by the challenges in obtaining imported raw materials and services due to the limited access to hard currency.

The Company exhausted its credit facilities with key foreign suppliers. This resulted in periodic outages of product particularly soft drinks and sorghum beer. The sharp recovery in volume also resulted in supply gaps on some brands and packs.





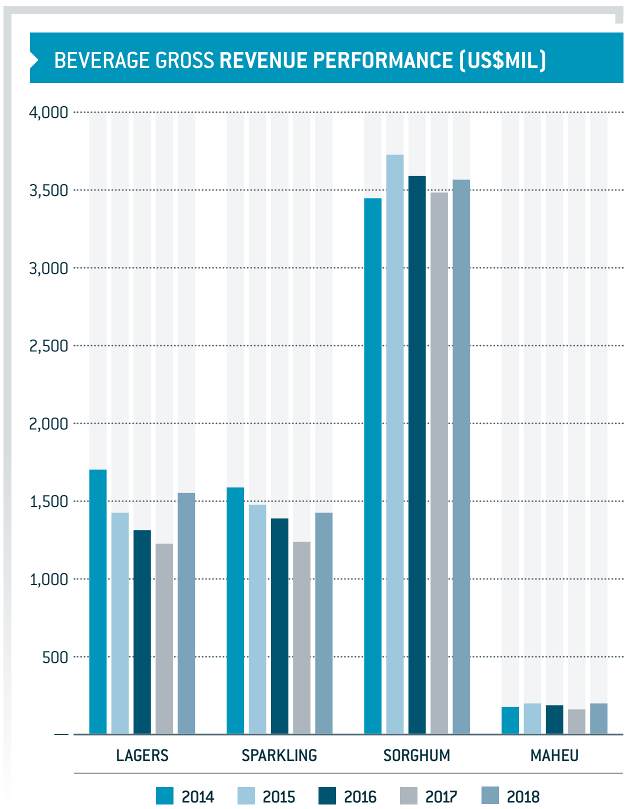
REVIEW OF OPERATIONS (CONTINUED)

BEVERAGES BUSINESS OVERVIEW (CONTINUED)

IMPROVEMENTS IN DISTRIBUTION LOGISTICS

The Company continues to review the route to market with the aim of improving distribution logistics and customer service. Customer orders are now being collated in advance through our sales teams and the revamped Telesales Centre, which allows for dynamic routing of presold deliveries. We are grateful that our lager beer customers have fully adjusted to the new presales model, which is dictated by the provisions of the Liquor Act.

We continue to run the Retailer Development Program. This program endeavours to empower our traders and develop good business skills. The aim is to train traders in areas such as business management, product handling, customer care, responsible retailing and consumption of alcohol as well as post-consumer waste management. We collaborate with other value chain partners who offer training in outlet hygiene and financial skills.



REVIEW OF OPERATIONS (CONTINUED)

LAGER BEER BUSINESS

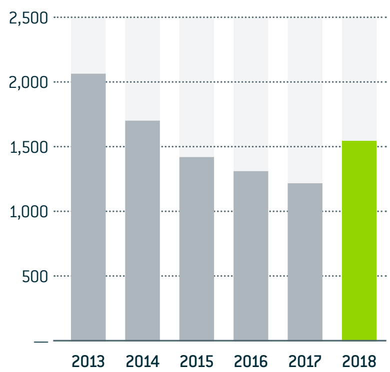
Lager beer volume grew by 27% over prior year to 1 543 000 hectolitres, driven by the mainstream segment led by Castle Lager. Our campaign under "It All Comes Together with a Castle" resonates with the consumers. The brand extends a passionate invitation to friends to join hands in creating something more powerful than their individual efforts.

We continued to give a fresh look to our brands with the relaunch of both Zambezi Lager and Golden Pilsener, which are now also available in the 440ml can. The label of the Zambezi Lager depicts our iconic Victoria Falls on the majestic Zambezi River and amplifies the scenic outdoor life in our national parks and leisure spots. "The view is Better" with the "Dawn of a New ERA", celebrated with trumpets from the giant elephants that stroll our game parks. Golden Pilsener maintained its premium credentials with the revised Go 4 Gold theme which implores our consumers to bring out the best in themselves.

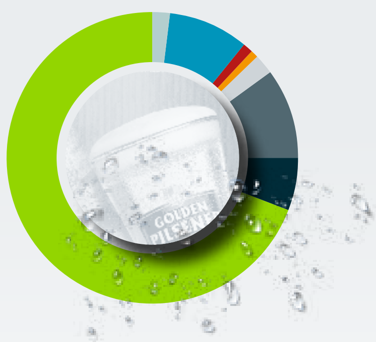
Castle Lite has taken route with the ***Unlock ExtraCold*** refreshment proposition. The brand registered a phenomenal 120% volume growth during the year. The innovative "Just Add Ice Box" and the branded cooler box spurred outdoor activity.

The manufacturing platform was stable and responded well to the spike in demand in the second half of the year despite the notable mix challenges of brands and packs. The upgrades to the canning and glass packaging lines undertaken during the year were most opportune as they immediately released capacity.

LAGER VOLUME PERFORMANCE (000HL)



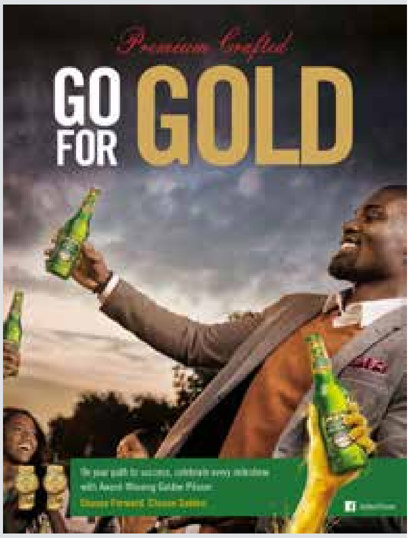
LAGER BEER TRADE CHANNEL SALES % CONTRIBUTION



OTHER	2%
BAR	9%
GENERAL DEALER	1%
HOTEL & RESTAURANT	1%
SPECIAL EVENTS	2%
BOTTLE STORE	10%
SUPERMARKET	6%
WHOLESALE / DISTRIBUTOR	69%

REVIEW OF OPERATIONS (CONTINUED)

LAGER BEER BUSINESS (CONTINUED)



The balanced portfolio of brands and packs engages a wide spectrum of our consumers through marketing activities that promote consumer closeness, bonding, social development and outright pride in one's country. This aligns well with the corporate theme of "*TOGETHER*ness for a *BRIGHTER* and better world."

OUR BEER BRANDS IN THE COMMUNITY

The Company maintains its leadership in the development of sport and the arts through various brand sponsorships and community projects.

Soccer remains Zimbabwe's premier sport hence brand Castle Lager remained the proud sponsor of the beautiful game through the Premier Soccer League which celebrated its 25th anniversary in 2017. Castle Lager extended its reach by supporting the country in hosting the International Cricket World Cup qualifiers.

The Castle Tankard Horse Race held its 56th edition in May 2018, maintaining its stature as the most prestigious grade one sponsored race since its launch in 1904.

As part of its efforts to bring friends together, Castle Lager hosted the second edition of the Castle Lager National Braai Day at Old Hararians Sports Club (Harare) in October 2017, an event that attracted more than thirty thousand consumers. The brand donated 15 tonnes of meat to the country's two main referral hospitals (Harare & Mpilo Hospitals) to match the braai day consumption.

Carling Black Label consumers continue to be exposed to the flagship soccer properties run by the brand in South Africa. The brand is the key sponsor of the National Pool tournament, a sport that has a rising following.

Other key events supported by our stable of brands are the Zimbabwe Open Golf tournament co-sponsored by Golden Pilsener, the Kariba Invitational Tiger Fishing Tournament and the Victoria Falls Carnival under the banner of Zambezi Lager. Zambezi has also partnered the Zimbabwe Cheetahs 7s Rugby Team.

Castle Lite has a modern, fun and innovative personality that makes it an obvious choice for the guy who is going places on a mission to improve his life. Castle Lite continued to bring new experiential events to consumers with a focus on music. The popular street block parties, which took a breather this year, are set to continue in years ahead.

BOOSTING COMMUNITIES THROUGH LOCAL INGREDIENTS

SORGHUM FOR EAGLE LAGER. The company runs the sorghum input scheme to grow the sweet red sorghum and other low tannin varieties for the Eagle Lager brand. The brand connects with Zimbabwe's rural small-scale farmers who are the main beneficiaries of the scheme. This partnership allows for local sourcing of inputs, empowering rural farmers and providing consumers with a quality refreshing beer at an affordable price.

A SMART BARLEY PARTNERSHIP

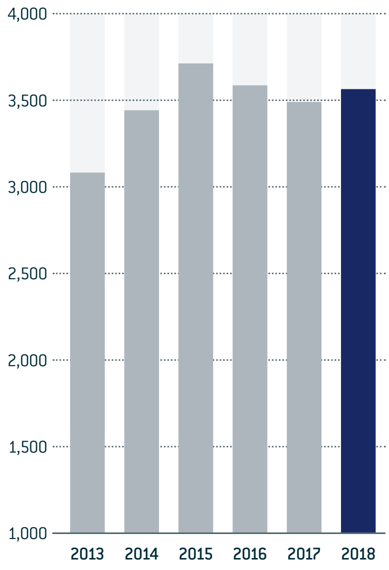
The Company runs a successful barley contracting scheme which ensures that our beer brands use the high-quality Zimbabwean barley varieties. The barley feeds into the malting plant at Kwekwe to produce barley malt for both domestic and export markets. The 2017 contract only produced 7 522 tonnes as some of the farmers were attracted to the government sponsored winter wheat scheme which paid above market producer prices. The barley intake was of high malting quality, demonstrating the benefits of the agronomic support offered by the company to farmers. We have partnered the barley farmers to grow maize during the summer season to improve farm viability.

REVIEW OF OPERATIONS (CONTINUED)

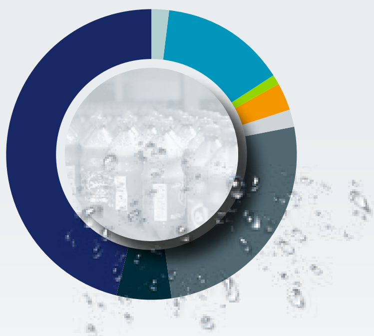
SORGHUM BEER BUSINESS – Zimbabwe

Sorghum beer volume increased by 2% to 3,6 million hectolitres. The outturn reflected a significant growth in Chibuku Super which contributed 71% of the total volume. The new breweries at Masvingo and Kwekwe were operational for the full year. There were product supply gaps in the fourth quarter arising from the under supply of PET bottles due to challenges afflicting our packaging suppliers in importing resin.

SORGHUM VOLUME PERFORMANCE (000HL)



SORGHUM BEER TRADE CHANNEL SALES % CONTRIBUTION



An improved 1,5 litre Scud bottle was introduced during the year to replace the 2 litre pack. The roll out of the pack was prolonged due to delays in importation of the spares required for plant modifications. The new pack provides a more accessible price point for our consumers whilst addressing aesthetics and enhancing product integrity.

CHIBUKU IN THE COMMUNITY

SAFEGUARDING OUR HERITAGE.

The Chibuku brand is synonymous with sharing, friendship and our cultural heritage. Its age-old campaign themes “Chibuku, Hari Yemadzisahwira”, “Its Bho-o neChibuku” and “Chinonzi Chibuku my Friend” have now been relaunched under the “Made for Brothers” campaign for Chibuku Super with “Share a Super with a Brother”.

REVIEW OF OPERATIONS (CONTINUED)

SORGHUM BEER BUSINESS – ZIMBABWE (CONTINUED)

This aims to cement the brand's proposition of Nourishing the Bonds of Brotherhood. This fitted very well with the Ngatizivane neMitupo/Isibongo (totems) expose which rekindled the discussions about the traditional ways of greeting, praise, family names and their origins.

CHUBUKU SUPER SOCCER CUP.

The brand's romantic relationship with football continued with the running of the third edition of the Chibuku Super Cup won by Harare City FC in a final match against How Mine.

CELEBRATING OUR CULTURE IN MUSIC.

The Chibuku brand maintained its longstanding partnership with the Zimbabwe Arts Council through the sponsorship of the Chibuku Road-to-Fame and Neshamwari Dance Festivals. These provide a platform not only for consumers to enjoy the brand but also for the development of the arts and celebrating our rich cultural heritage in Zimbabwe.

CHIBUKU SUPER FOR A CLEANER COUNTRY.

We are aware of the environmental impact of the one-way PET pack which has increased the presence of litter in undesirable places. To reduce littering and manage post consumption waste, Chibuku Super leads the "Maoko Pamwechete" initiative which is part of the group wide program under the "Make A Difference – Recycle".

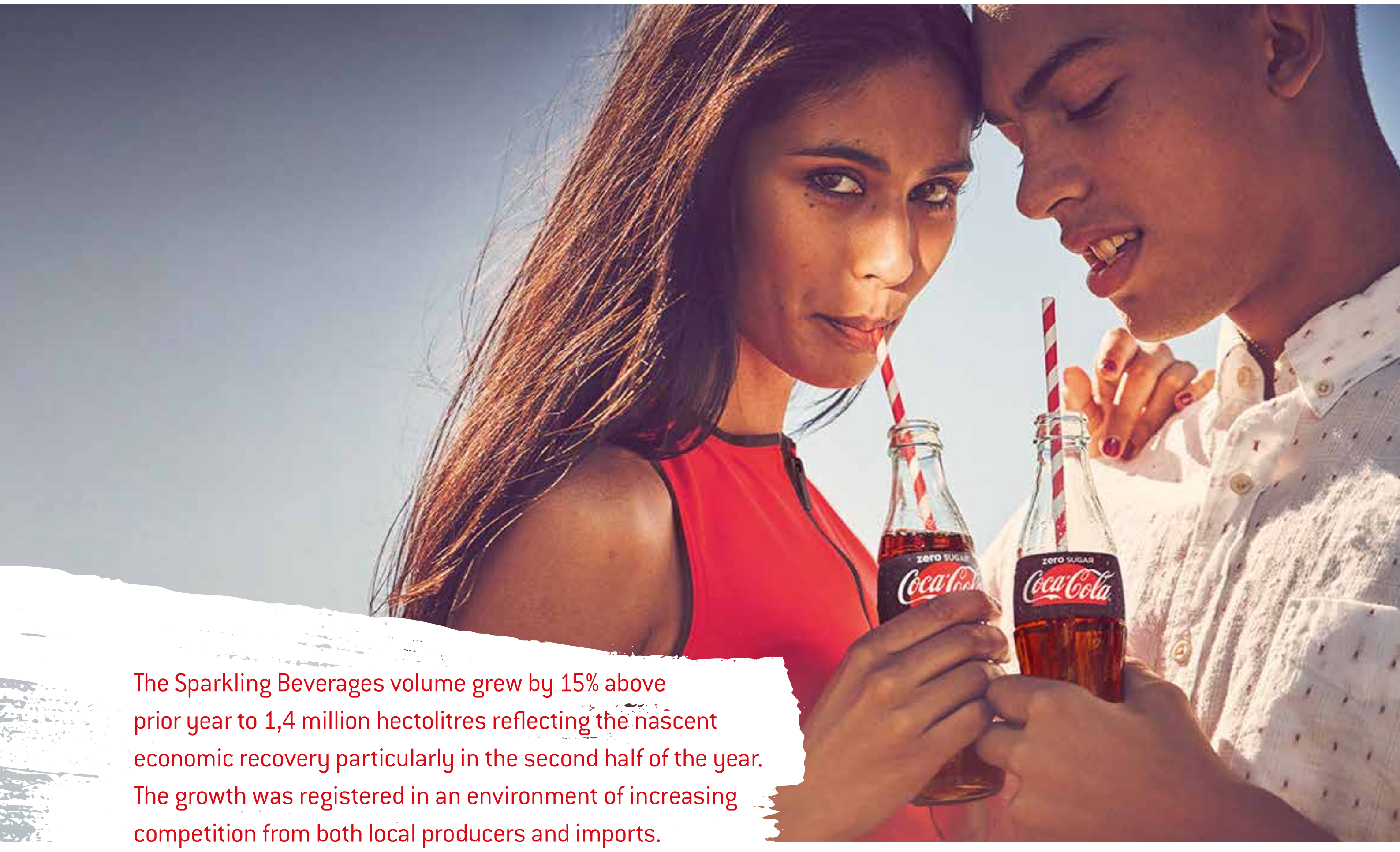
These programs have received tremendous stakeholder support notably from Environmental Management Authority (EMA), retail customers, local authorities, non-governmental organisations and waste collectors. The used bottles are sold to PetreCoZim, the industry funded PET recycling entity based in Harare.

GROWING LIVELIHOODS WITH SORGHUM.

The sorghum contract scheme had another successful year delivering sufficient crop for our needs. The government sponsored Command Agriculture Program has introduced pricing distortions by setting unsustainably high cereal prices which may crowd-out private sector participation. The scheme contracts both commercial and communal small scale farmers to grow sorghum. The contract scheme impacts and uplifts the livelihoods of more than 9 000 families.

REVIEW OF OPERATIONS (CONTINUED)

SPARKLING BEVERAGES BUSINESS

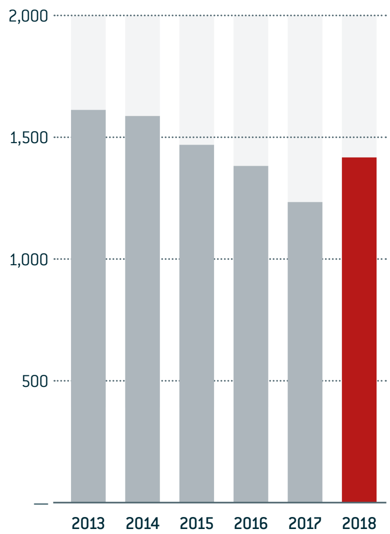


The Sparkling Beverages volume grew by 15% above prior year to 1,4 million hectolitres reflecting the nascent economic recovery particularly in the second half of the year. The growth was registered in an environment of increasing competition from both local producers and imports.

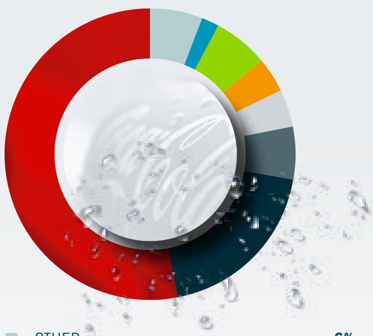
The business has a significant imported raw materials content. The challenges in accessing hard currency impacted negatively on product supply which became pronounced in the fourth quarter. The supply of canned product was constrained for most parts of the year as the canning line was undergoing some refurbishment and supplementary imports were not accessible due to foreign remittance challenges.

The mix continues to shift in favour of take-home value packs and the convenient one-way packs. The brands and market activations have sustained our portfolio at a dominant market share.

SPARKLING VOLUME PERFORMANCE (000HL)



SPARKLING BEVERAGE TRADE CHANNEL SALES % CONTRIBUTION



OTHER	6%
BAR	2%
GENERAL DEALER	6%
HOTEL & RESTAURANT	4%
SPECIAL EVENTS	4%
BOTTLE STORE	6%
SUPERMARKET	19%
WHOLESALE / DISTRIBUTOR	53%

REVIEW OF OPERATIONS (CONTINUED)

SPARKLING BEVERAGES BUSINESS (CONTINUED)

The business activated the new global marketing campaign “Taste the Feeling 2.0” with refreshed billboards, press adverts, television commercials and other digital platforms. This is amplified through musical shows and the “Coke on the Beat” radio and television programmes.

HAPPY FEELINGS IN THE COMMUNITY

PROMOTING SOCCER.

COPA Coca-Cola Soccer tournament celebrated its 30th anniversary as a revolutionary schools football tournament that started in Zimbabwe and has spread its wings around the world where it is now staged in more than 60 countries.

COPA Coca-Cola

The tournament has been credited with providing a platform for a number of the country’s finest players. The 2017 tournament was held in Bindura where Rusununguko triumphed in the Boys competition whilst Chidyamakono lifted the girls’ trophy.

TO RUSSIA’S FIFA WORLD CUP:

Brand Coca Cola is the official sponsor of the FIFA World Cup and will be sending some lucky customers to experience the World Cup live in Russia in June 2018.

ON THE BEAT WITH MUSIC.

The Coca-Cola brand continues to entertain music lovers through Coke on the Beat, Top 50 Videos programme on ZBCTV, Radio Top 50 songs on Radio Zimbabwe and also offers exciting prizes to local musicians and consumers at the annual music awards.

SUPPORTING ENTERPRISES.

The business is engaged in the global Coca-Cola “5 by 20” Campaign which 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.

KEEPING PEOPLE AT THE HEART OF OUR BUSINESS:

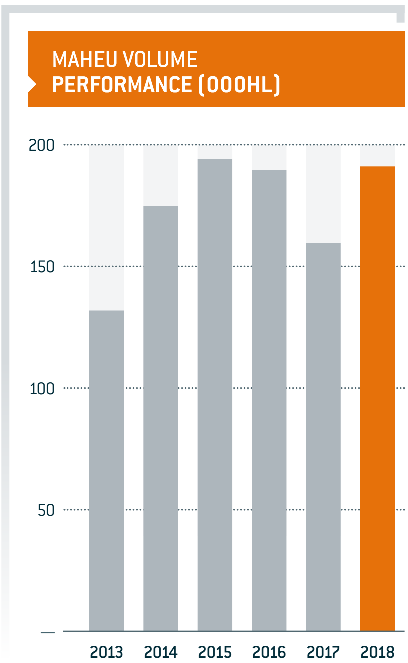
The Coca Cola Company is leading the way in the global fight against obesity. The key strategies include reducing the calories or sugar content, pack sizes and making the low or no-sugar drinks more visible.

REVIEW OF OPERATIONS (CONTINUED)

ALTERNATIVE BEVERAGES

The volume of alternative beverages under Shumba Maheu and SuperSip brands, grew by 19% above prior year to 190 thousand hectolitres. The brands have maintained market leadership in an increasingly competitive category.

The Shumba Maheu brand remains active in consumer engagement activations at major events such as the Harare Agricultural Show, the Zimbabwe International Trade Fair (ZITF), marathon race days and other sports tournaments.




Super Sip
TAKE A SIP OF THE GOOD LIFE!
NEW
Super Sip Tropical
REFRESHMENT ON THE GO
NOW WITH FOIL FOR
LONGER LASTING FRESHNESS

REVIEW OF OPERATIONS (CONTINUED)

LEVERAGING OUR SUPPLY CHAIN AND LOGISTICS

PROMOTING BEST PRACTICE

Our procurement team interacts with local, regional and global suppliers to source the goods and services our business needs to produce and sell our beverages. 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, human rights and good manufacturing practice.

Suppliers must act ethically and with integrity at all times and comply with local, national and international laws and regulations. They should avoid situations where a conflict of interest may occur, and must immediately disclose to Delta any conflict of interest that arises.

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 Zimbabwean communities. The supplier partnering program aims to achieve gains in quality, cost and service levels through reduction in waste and poor materials performance.

REVIEW OF OPERATIONS (CONTINUED)

LEVERAGING OUR SUPPLY CHAIN AND LOGISTICS (CONTINUED)

The current year has been challenging due to the hurdles faced by our supplies in securing imported raw materials. The distortions arising from the emergence of the parallel markets for hard currency have created disparities in pricing. The Company's financial dealings have strictly been in accordance with the laws of the land.

IMPROVING THE EFFICIENCY OF OUR DISTRIBUTION LOGISTICS

The Company operates an internal fleet comprising over 220 prime mover vehicles and over 400 trailers, primarily for secondary distribution, which allows the Company to deliver its products directly to retail and wholesale customers.

There are ongoing initiatives to build internal capacity for primary freighting from the production centres to benefit from enhanced efficiencies. Over 50% of the freighting volume was moved by the internal fleet, an increase from the 34% achieved in the previous year. We travelled a combined 14,9 million kilometres this financial year.

We continue to explore opportunities for improving both vehicle and driver performance in order to improve vehicle productivity and distribution efficiency. The road network continues to deteriorate worsened by road congestion in urban areas and poor driving practices.

With over two hundred delivery vehicles and five hundred light motor vehicles plying our roads each day, it is a safety imperative for the Company to uprate driver skills. The division continues to invest in driver training and safety awareness. We work collaboratively with the Traffic Safety Council in furtherance of programmes to reduce drinking and driving while promoting defensive driving. Our drivers continue to participate in the annual driving competitions within the Company and against other fleet operators.

REVIEW OF OPERATIONS (CONTINUED)

NATIONAL BREWERIES PLC Zambia

National Breweries Plc is the Zambian based producer of traditional African beer under the banner of Chibuku which is sold as Chibuku Shake Shake in the carton pack and Chibuku Super, a pasteurised, longer shelf life product that is sold in PET.

The business was founded in 1955 by industrialist Max Heinrichs (Heinrich's Syndicate Limited), starting from the copper belt town of Kitwe and by 1960 had expanded to supply all the urban townships of the country.

The business developed as part of the Lonrho non-mining businesses until it was purchased by SABMiller and listed on the Lusaka Stock exchange in 1999.

The company has five breweries in Kitwe, Ndola, Lusaka, Kabwe and Chipata, of which only the two at Kitwe and Lusaka are operational.

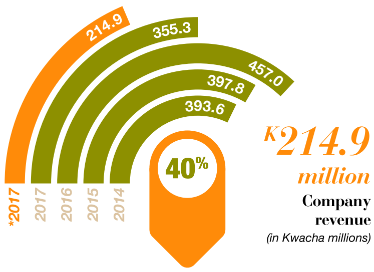
REVIEW OF OPERATIONS (CONTINUED)

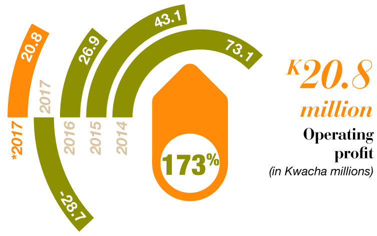
NATIONAL BREWERIES PLC Zambia (CONTINUED)

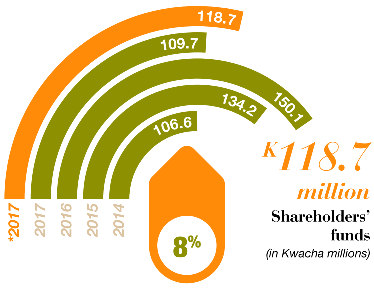
SUMMARY PERFORMANCE

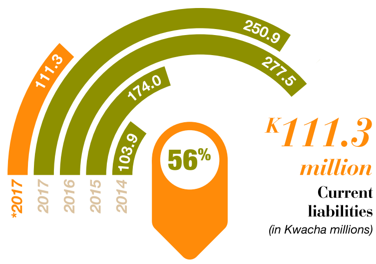
"It was a turbulent year for National Breweries as the Company underwent a change of control. The transaction to purchase 70% of shares in the Company by Delta Corporation Limited of Zimbabwe settled on the Lusaka Stock Exchange on 28th December 2017. It was one more significant milestone in a long history for the Company, which has seen a number of changes in ownership in both the public and private sectors. We are confident that it will continue its journey as the Company behind one of Zambia's best known brand names, Chibuku... As National Breweries enters a new era under the ownership of Delta Corporation Limited, we remain optimistic that its growth potential will be realised, capitalising on the turnaround strategy introduced by its previous shareholders, and leading to continued growth of this iconic Company."

Valentine Chitalu; Board Chairman; 2017 Annual Report









*Nine months ended 31 December 2017

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 includes cordials, fruit juices and bottled water. The Company vertically integrated into BeitBridge Juice Company which processes fruit juices mainly oranges and Best Fruit Processors which produces tomato paste for both local and export markets.

The business recorded an improved outturn for the year to December 2017, with group revenue of US$93,3 million up 4% and beverage volumes increasing by 1%. The performance in the quarter to March 2018 indicated a significant upturn in beverage volume which increased by 39%, reflecting the strong demand since October 2017. The processing divisions continue to be affected by the shortages of processing materials.

REVIEW OF OPERATIONS (CONTINUED)

SCHWEPPES HOLDINGS AFRICA LIMITED (CONTINUED)


BBJ Management and Shashe Scheme Members

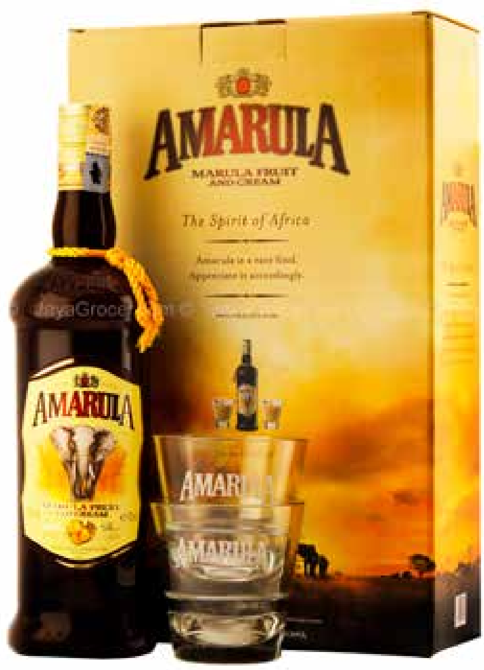
The business is exploring opportunities to export Mazoe Orange Crush and juice drinks into the region with the support of The Coca Cola Company.

The company is involved in a community development project in partnership with other donors to create sustainable income streams for small scale farmers.

The Shashe Citrus Outgrower Scheme in Maramani Communal Lands, Beitbridge District has engaged 200 families that have established a 90-hectare orange plantation. Given the long gestation period of citrus plantations, the farmers have been introduced to inter-row cropping to grow other crops such as sugar beans or vegetables between the orange trees. The partners provided the capital, extension services and monitor performance of the farmers. A total of 270 tonnes of oranges were delivered to the BeitBridge Juicing Company during the 2017 season. The output is expected to reach 7 000 tons by 2020. Schweppes Holdings Africa is replicating these outgrower schemes for tomatoes and other fruits to supply into both BeitBridge Juice and Best Fruit Processors.

REVIEW OF OPERATIONS: ASSOCIATES (CONTINUED)

AFRICAN DISTILLERS LIMITED



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

The associate continues to register growth in both volumes and financial results. The demand for its products remains firm buoyed by favourable pricing and the reduction in direct imports. There were supply gaps on certain product ranges which require imported ingredients due to delays in paying foreign suppliers.

The company has supported the Reps Theatre in the last 10 years through sponsorship of the annual awards ceremony which seeks to recognise and reward talent and commitment of the volunteer corps. The awards, known as the AFDIS Reps Awards are the highlight of the Reps community, and provide armature artists and school students a platform to showcase their theatrical talent. This support has allowed talented actors to breakthrough onto the international theatrical arena.

REVIEW OF OPERATIONS: ASSOCIATES (CONTINUED)

NAMPAK ZIMBABWE

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

NAMPAK'S ACTIVITIES ARE SUMMARISED BELOW:

ENTITY	LINE OF BUSINESS
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 significantly improved financial performance for the half year to March 2018 with revenue growth of 23% and trading income rising by 125% to US$5,0million. The Metals and plastics packaging businesses are benefiting from the volume recovery in the beverages sector. The balance sheet is strong with significant cash resources. There are, however, constraints in meeting customer orders due to delays in foreign remittances. Initiatives are underway to increase exports to generate hard currency to cover the import requirements.

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS OF DELTA CORPORATION LIMITED

The Directors present their 71st Annual Report together with the Audited Financial Statements of the Group for the year ended 31 March 2018.

YEAR'S RESULTS

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

	US$000
Earnings attributable to Shareholders	88 829
Transfer from share option reserve	3 904
Share Buy Back/Cancellations	3 495
	96 228
Less Dividends	
Interim Dividends (total US4,50 cents per share)	55 585
Final Proposed US2,70 cents per share payable May 2018	33 502
Add	
Distributable Reserves at the beginning of the year (net of proposed dividends)	394 121
Distributable Reserves at the end of the year (net of proposed dividends)	401 262

REPORT OF THE DIRECTORS (CONTINUED)

TO THE SHAREHOLDERS OF DELTA CORPORATION LIMITED

PROPERTY, PLANT AND EQUIPMENT

Capital expenditure (inclusive of returnable containers) for the year to 31 March 2018 totalled US $13,9 million. The capital expenditure for the year to 31 March 2019 is planned at US$55 million. The Company purchased a majority shareholding in Natbrew Plc (Zambia) and certain trademarks for a total consideration of US$27,5 million which was settled partly in cash and partly by the issue of shares.

ASSOCIATES

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

SHARE CAPITAL

The authorised share capital of the Company remains at US$14,0 million comprising 1 400 000 000 ordinary share of US$0,01 (US one cent) each. A total of 13 914 552 shares were allotted in accordance with the share option schemes, whilst 7 115 208 ordinary shares were allotted and a similar number cancelled from the treasury stock as purchase consideration in an acquisition. The ordinary shares in issue are 1 257 365 601.

Accordingly, the issued share capital is now US$57,4 million comprising nominal capital of US$12,4 million and share premium of US$45,0 million. The number of shares currently under option is 32 893 000 of which 24 537 000 are under the Share Appreciation Rights Scheme.

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

DIVIDENDS

The Board declared interim dividends of US4,50 cents per share and a final dividend of US2,70 cents per share. This brings the total dividend in respect of the year ended 31 March 2018 to US7,20 cents per share.

RESERVES

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

PURCHASE OF OWN SHARES

At the last annual general meeting, authority was granted for the company to purchase its own shares up to a maximum of 10% of the number of shares in issue as at 31 July 2016. The authority is due to expire at the conclusion of the next annual general meeting in July 2018. 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 2 431 000 shares which are held as treasury stock. The number of the treasury shares held as at 31 March 2018 was 16 534 406.

GOING CONCERN

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

DIRECTORS

The names and summarised resumes for the directors are set out on pages 100 and 101. All the current directors served throughout the period except for Andrew Murray who was appointed as non-executive directors on 28 July 2017.

Mr A S Murray will retire at the end of his interim appointment and offers himself for re-election. Prof H C Sadza and Messrs C F Dube, J A Kirby, S J Hammond, T Moyo and T N Sibanda are due to retire by rotation. All being eligible, they will offer themselves for re-election.

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

AUDITORS

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

ANNUAL GENERAL MEETING

The 71st Annual General Meeting of the Company will be held at 12:30 hours on Friday 27 July 2018 at the Registered Office of the Company at Sable House, Borrowdale, Harare.

BY ORDER OF THE BOARD

A MAKAMURE
Company Secretary
4 May 2018

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 interest, 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. There 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 100 and 101.

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 and incorporates the Chief Executive Officer who is a non-voting member. The Finance Director attends and presents 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, save for the membership of the Chief Executive Officer. It acts in accordance with the Board's written terms of reference and is responsible for the assessment and approval of the Group's remuneration strategy and to review the short-term and long-term remuneration of executive directors and senior executives. It also acts as the general purpose committee (in which case it co-opts additional members) to deal with ad-hoc strategic issues. The Committee meets at least twice a year.

THE NOMINATION COMMITTEE

The Nomination Committee is the committee of the Board whose main focus is to consider the composition of the Board and its committees, the retirement, appointment and replacement of directors, and makes appropriate recommendations to the Board. It comprises the Chairman and at least two non-executive directors.

RISK MANAGEMENT

The focus of risk management in Delta is on identifying, assessing, managing and monitoring 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 2017 to 31 March 2018)

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

* Represented by an alternate director at meetings

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 incorporate full and responsible disclosure in line with the International Financial Reporting Standards and best practice.

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 March 2019. 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 36 to 40.

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 includes 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 2018, which appear on pages 41 to 84 were approved by the Board of Directors on 4 May 2018 and are signed on its behalf by:

C F DUBE
CHAIRMAN

P GOWERO
CHIEF EXECUTIVE OFFICER

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DELTA CORPORATION LIMITED

OPINION

We have audited the consolidated and company financial statements of Delta Corporation Limited and its subsidiaries (the "Group") set out on pages 41 to 84, which comprise the consolidated and company statements of financial position as at 31 March 2018 and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion the consolidated and company financial statements present fairly, in all material respects, the consolidated and company financial position of Delta Corporation Limited as at 31 March 2018, and its consolidated and company financial performance and its consolidated and company cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03) and the relevant statutory instruments SI33/99 and SI62/96.

BASIS FOR OPINION

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 Company in accordance with the Public Accountants and Auditors Board (PAAB) Code of Professional Conduct, which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B), together with other ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF DELTA CORPORATION LIMITED

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
VALUATION AND RECOVERABILITY OF RECEIVABLES REFER TO POLICY NOTE 4.11 AND 4.20 OF THE FINANCIAL STATEMENTS FOR THE GROUP'S POLICY IN DETERMINING THIS ALLOWANCE FOR CREDIT LOSSES	
There is risk of non-recoverability of trade receivables, primarily due to generally low liquidity and increasing credit risk within the economy. The Group trades with entities with varying turnovers and distribution footprints and the awarding of credit and accepting of security is based on the circumstances of the counterparty. Significant judgements are applied by the Directors in establishing an adequate impairment provision against receivables. The provision is determined by taking into account the following: 1) Financial position of the customer; 2) The customer's payment history particularly past default experiences; and 3) Credit terms specific to the customers. The allowance for credit losses amounted to US$5.1 million for the year (2017: US$7.4 million). Refer to note 16. The valuation of receivables has been considered a key audit matter as it is subject to significant estimation and subjective judgements.	In evaluating the valuation of receivables, our substantive procedures included the following: • Evaluating the design and implementation of controls in the revenue business process; • Testing the receivables age analysis for completeness and accuracy as a basis for substantive testing; • Circularisation of a sample of customers on the receivables age analysis to verify their existence; • Inspecting subsequent receipts of the sampled receivables so as to assess the recoverability of the balances; • Reviewing the terms of sale for receivables to assess the Group's risk of overtrading with customers against pre-set credit terms; • Obtaining correspondence from the Group's legal representatives and identifying customers against whom the Group has instituted legal action in respect of outstanding balances and tracing these counterparties to the listing of allowances for credit losses; and • Assessing the reasonableness of the methods and assumptions used by management to estimate the allowance for credit losses. We found that the Directors applied reasonable judgements in determining the allowance for credit losses.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF DELTA CORPORATION LIMITED

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
VALUATION OF CONTAINERS IN THE MARKET (MARKET ABSORPTION) REFER TO POLICY NOTE 4.9 AND 4.20 OF THE FINANCIAL STATEMENTS FOR THE GROUP'S POLICY IN DETERMINING THIS ESTIMATE	
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 determine an estimate of containers in the market against which the Group has a liability (the deposit) due to the customer. The Group has recognised a liability of US$21.6 million (2017: US$14.4 million). Refer to note 20.2. The determination of value of containers in the market is an area of significant estimation. Containers are an important 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. We found the Directors' assumptions in determining the containers in the market provision to be reasonable. The accounting treatment of this provision is consistent with industry practice.
NEW BUSINESS ACQUISITION AND RELATED ACCOUNTING REFER TO POLICY NOTE 4.3 OF THE FINANCIAL STATEMENTS FOR THE GROUP'S POLICY ON ACCOUNTING FOR INVESTMENT IN SUBSIDIARIES	
During the year, the Group acquired National Breweries Limited (Natbrew), a Zambian manufacturer of traditional beer, for a total consideration of US$12.9 million. 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 which encompasses: • Identifying 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; 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; and • 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. We determined the Directors' assumptions to be appropriate.

We have not identified key audit matters relating to the financial statements of the company.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF DELTA CORPORATION LIMITED

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the Directors' Responsibility for Financial Reporting, which we obtained prior to the date of the auditor's report and the Value Statements, Company Profile, Financial Highlights, Chairman's Statement, Review of Operations, Report of the Directors, Corporate Governance Report, Group Statistics, Sustainable Development Report, Group Structure, Portfolio of Businesses, Directorate and Management, Group Management Committee, Notice to members and Shareholder analysis which were made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF DELTA CORPORATION LIMITED

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Deloitte & Touche

Deloitte & Touche
Per: Brian Mabiza
Partner
Registered Auditor
PAAB Registration Number 0419
Date: 4 May 2018

Deloitte.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH

	Notes	2018 US$'000	2017 US$'000
REVENUE	8	**572 227**	482 968
NET OPERATING COSTS	9.1	**(467 512)**	(400 924)
OPERATING INCOME		**104 715**	82 044
Finance cost		**(5 898)**	(6 918)
Finance income		**12 148**	11 457
Share of profit of associates	13.2	**4 334**	1 834
Profit before taxation		**115 299**	88 417
Taxation	11.1	**(26 791)**	(18 532)
PROFIT FOR THE YEAR		**88 508**	69 885
Other comprehensive income for the year, net of tax		**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**88 508**	69 885
Profit for the year from operations attributable to:			
Owners of the parent		**88 829**	69 885
Non-controlling interest		**(321)**	—
		88 508	69 885
Weighted average shares in issue (millions)		**1 230,4**	1 225,7
EARNINGS PER SHARE (US CENTS)			
Attributable earnings basis	5.5	**7,22**	5,70
Fully diluted earnings basis	5.5	**7,20**	5,69

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH

	Notes	2018 US$'000	Restated 2017 US$'000
ASSETS			
Non-current Assets			
Property, plant and equipment	12	**366 857**	354 947
Investments in associates	13.2	**47 439**	43 587
Trademarks	14.3	**17 514**	2 914
Investments and loans	14.2	**8 482**	9 623
		440 292	411 071
Current Assets			
Inventories	15	**66 007**	77 753
Trade and other receivables	16	**24 968**	34 942
Other assets		**8 759**	1 391
Current tax asset	21.3	**6 148**	5 598
Cash and cash equivalents	21.8	**291 226**	173 334
		397 108	293 018
Total Assets		**837 400**	704 089
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	17.2	**12 361**	12 222
Share premium		**44 976**	32 044
Share options reserve		**4 678**	7 389
Retained earnings		**434 764**	424 012
Equity attributed to equity holders of the parent		**496 779**	475 667
Non controlling interests		**5 427**	—
Total shareholders' equity		**502 206**	475 667
Non-current Liabilities			
Long-term borrowings	19.1	**42 746**	—
Deferred tax liabilities	11.3	**55 639**	50 022
		98 385	50 022
Current Liabilities			
Short-term borrowings	19.2	**12 400**	60 000
Trade and other payables	20.1	**130 116**	68 404
Provisions	20.2	**28 725**	19 932
Dividends payable		**59 443**	28 195
Current tax liability	21.3	**6 125**	1 869
		236 809	178 400
Total Equity and Liabilities		**837 400**	704 089
Net asset value per share (US Cents)		**40,37**	38,81

The financial statements were approved by the Board of Directors and authorised for issue on 4 May 2018.

P GOWERO
CHIEF EXECUTIVE OFFICER

M M VALELA
EXECUTIVE DIRECTOR - FINANCE

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH

	Notes	2018 US$'000	2017 US$'000
Cash flow from operating activities			
Cash generated from operating activities	21.1	**144 524**	115 019
Increase in working capital	21.2	**76 957**	17 920
Cash generated from operations		**221 481**	132 939
Finance cost		**(5 898)**	(6 918)
Finance income		**12 148**	11 457
Income taxation paid	21.3	**(21 433)**	(29 135)
Net cash flow from operating activities		**206 298**	108 343
Cash flow from investing activities			
Decrease in investments and loans		**1 141**	117
Dividend received from associate		**482**	369
Purchase of shares in subsidiary and brands		**(14 658)**	—
Purchase of property, plant and equipment to expand operations		**(7 112)**	(34 002)
Purchase of property, plant and equipment to maintain operations		**(6 779)**	(7 032)
Proceeds from disposal of property, plant and equipment		**141**	88
Net cash utilised in investing activities		**(26 785)**	(40 460)
Cash flow from financing activities			
Dividend paid	21.4	**(54 228)**	(49 162)
Repayment of short-term borrowings		**(47 600)**	(5 000)
Long-term loans raised		**32 547**	—
Increase in shareholder funding	21.7	**11 151**	795
Share buy back	17.5	**(3 491)**	(7 198)
Net cash utilised in financing activities		**(61 621)**	(60 565)
Net increase in cash and cash equivalents		**117 892**	7 318
Cash and cash equivalents at beginning of the year		**173 334**	166 016
Cash and cash equivalents at end of the year	21.8	**291 226**	173 334
Cash flow per share (US cents)	5.6	**18,00**	10,85

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH

	Notes	Share capital US$'000	Share premium US$'000	Share options reserve US$'000	Retained earnings Restated US$'000	Attributable to owners of the parent US$'000	Non Controlling interests US$'000	Total equity Restated US$'000
At 1 April 2016		12 310	33 074	5 985	436 530	487 899	—	**487 899**
Profit for the year		—	—	—	69 885	69 885	—	**69 885**
Other Comprehensive income for the year, net of tax		—	—	—	—	—	—	**—**
Total Comprehensive Income for the year		—	—	—	69 885	69 885	—	**69 885**
Transactions with owners:								
Share options exercised		12	783	—	—	795	—	**795**
Share buy back	17.5	(100)	(1 813)	—	(5 285)	(7 198)	—	**(7 198)**
Transfer from share options reserve		—	—	(239)	239	—	—	**—**
Recognition of share based payments	9.1	—	—	1 643	—	1 643	—	**1 643**
Payment of dividends		—	—	—	(49 162)	(49 162)	—	**(49 162)**
Total (as previously reported)		12 222	32 044	7 389	452 207	503 862	—	**503 862**
Transfer to dividends payable	17.6	—	—	—	(28 195)	(28 195)	—	**(28 195)**
At 1 April 2017 (restated)		12 222	32 044	7 389	424 012	475 667	—	**475 667**
Profit for the year		—	—	—	88 829	88 829	(321)	**88 508**
Other comprehensive income for the year, net of tax		—	—	—	—	—	—	**—**
Total Comprehensive Income for the year		—	—	—	88 829	88 829	(321)	**88 508**
Transactions with owners:								
Share options exercised		139	11 012	—	—	11 151	—	**11 151**
Share buy back / cancellation	17.5	—	1 920	—	2 984	4 904	—	**4 904**
Transfer from share options reserve		—	—	(3 904)	3 904	—	—	**—**
Recognition of share based payments	9.1	—	—	1 193	—	1 193	—	**1 193**
Foreign currency translation reserve		—	—	—	511	511	219	**730**
At acquisition reserves		—	—	—	—	—	5 529	**5 529**
Dividends declared	21.4	—	—	—	(85 476)	(85 476)	—	**(85 476)**
At 31 March 2018		**12 361**	**44 976**	**4 678**	**434 764**	**496 779**	**5 427**	502 206

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH

1. GENERAL INFORMATION

Delta Corporation Limited (the Company) is a public limited company which is listed on the Zimbabwe Stock Exchange and incorporated and domiciled in Zimbabwe. The principal activities of the Company and its subsidiaries (the Group) include the manufacture and distribution of cold beverages and some value-added activities related there to. The addresses of its registered offices and principal place of business are disclosed in the introduction of this annual report.

2. CURRENCY OF ACCOUNT

These financial statements are presented in United States Dollars (US$) being the functional and reporting currency 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. There are challenges in foreign remittances giving rise to debate about the relative values of the transactional currencies and monetary assets.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 NEW AND REVISED IFRS MANDATORILY EFFECTIVE AT THE END OF THE REPORTING PERIOD WITH NO MATERIAL IMPACT ON THE REPORTED AMOUNTS AND DISCLOSURES IN THE CURRENT PERIOD OR PRIOR PERIOD.

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

- **IAS 7 Statements of cash flows:** clarifies that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. (Effective for annual periods beginning on or after 1 January 2017 with earlier adoption being permitted).

- **IAS 12 Income taxes:** Effective for annual periods beginning on or after 1 January 2017 with earlier adoption being permitted). The standard clarifies the following;

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

Annual Improvements 2014-2016 Cycle - (Effective for annual periods beginning on or after 1 January 2017)

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

The directors of the Company assessed that the new and revised IFRS have no material impact on the consolidated financial statements.

3.2 NEW AND REVISED IFRS IN ISSUE BUT NOT YET EFFECTIVE

- **IFRS 15 Revenue from Contracts with Customers:** Establishes a single comprehensive model for entities to use on the accounting for revenue arising from contracts with customers. It will supersede the current revenue recognition guidance including IAS 18 Revenue (Effective for annual periods beginning on or after 1 January 2018 with earlier adoption being permitted).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

3.2 NEW AND REVISED IFRS IN ISSUE BUT NOT YET EFFECTIVE (CONTINUED)

- **IFRS 16 Leases:** addresses issues raised by users on the need to record operating lease assets and related depreciation and interest expense. Previously, the operating lease contracts were recorded off balance sheet, with the lease payments being straight-lined over the lease period. (Effective for annual periods beginning on or after 1 January 2019).
- **IFRS 9 Financial Instruments:** introduces new requirements for the classification and measurement of financial instruments. (Effective on annual periods beginning on or after 1 January 2018 with earlier application permitted).
- **IFRS 2 Share Based Payments:** clarifies the standard in relation to the accounting for cash settled share based payment transactions that include a performance condition, the classification of share based payment transactions with net settlement features, and the accounting modifications of share based payment transactions from cash settled to equity settled. (Effective for annual periods beginning on or after 1 January 2018).
- **IFRIC 22 Foreign Currency Transactions and Advance Consideration** – addresses foreign currency transactions or parts of transactions where:
  a. there is consideration that is denominated or priced in foreign currency;
  b. the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
  c. the prepayment asset or deferred income liability is non-monetary.
  (Effective for annual periods beginning on or after 1 January 2018).
- **Transfers of Investment Property (Amendments to IAS 40)** – The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A change in management's intentions for the use of a property does not provide evidence of a change in use.

Annual Improvements 2014 – 2016 Cycle (Effective for annual periods beginning on or after 1 January 2018)

- **IFRS 1 First Time Adoption of IFRS** – deletes the short term exemptions in paragraphs E3-E7 of IFRS 1, because they have now served their purpose.
- **IAS 28 Investments in Associates and Joint Ventures** – clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The directors intend to adopt the standards when they become effective. The directors expect that adoption of these standards, amendments and interpretations in most cases may not have a significant impact on the consolidated financial statements in the period of initial adoption.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 STATEMENT OF COMPLIANCE

The financial statements of the Company and the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared in compliance with the Zimbabwe Companies Act (Chapter 24:03).

4.2 BASIS OF PREPARATION

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

4.3 BASIS OF CONSOLIDATION

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

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

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

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Where the cost of acquisition is below the fair values of the identifiable net assets acquired the gain is credited to profit 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 United States Dollars, which is the Group's functional and presentation currency. Assets and liabilities denominated in foreign currencies are converted to United States Dollars at the rates of exchange ruling at the end of the reporting date. Transactions in other currencies are translated to United States Dollars at rates of exchange ruling at the time of the transactions.

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

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

4.8 BORROWING COSTS

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

4.9 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

Returnable containers

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

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

4.10 INTANGIBLE ASSETS

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

Internally-generated intangible assets:

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 INTANGIBLE ASSETS (CONTINUED)

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

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

4.11 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

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

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

Impairment of financial assets

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

4.12 EMPLOYEE BENEFITS

Short term benefits and long term benefits

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

4.12 EMPLOYEE BENEFITS (CONTINUED)

OTHER LONG-TERM EMPLOYEE BENEFITS

Termination benefits

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

Long service awards

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

Share based payment transactions

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

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

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

4.13 INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost is determined on the following bases:

Merchandise, raw materials and consumable stores are valued at cost on a weighted average cost basis. Manufactured finished products and products in process are valued at raw material cost, plus labour and a portion of manufacturing overhead expenses, where appropriate.

4.14 FINANCIAL INSTRUMENTS

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 FINANCIAL INSTRUMENTS (CONTINUED)

Financial Assets

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

Loans and receivables

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

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

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

Available for sale investments (AFS)

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

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

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

Where the Group has financial instruments which have a legally enforceable right of offset and the Group intends to settle them on a net basis or to realise the asset and liability simultaneously, the financial asset and liability and related revenues and expenses are offset and the net amount reported in the statement of financial position and statement of comprehensive income respectively.

Other financial instruments

Other financial instruments, including borrowings and payables, are initially measured at fair value, net of transaction costs. Subsequent measurement is at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis.

4.15 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. It comprises sales (net of trade discounts), fees and rentals and excludes value added tax. Intra-group revenue which arises in the normal course of business is excluded from Group revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

4.15 REVENUE RECOGNITION (CONTINUED)

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

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Dividend income

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

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.

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.

4.19 PROVISIONS (CONTINUED)

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.

- **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.

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)

- **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 and subsidiaries acquired**
  On acquisition of an associate or subsidiary, 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 or subsidiary's asset or a liability, the Group uses market-observable data to the extent it is available. Where observable inputs are not available, the Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

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

5. DEFINITIONS

5.1 TAXED INTEREST PAYABLE

This is calculated by taxing interest payable at the standard rate of taxation.

5.2 INTEREST COVER (TIMES)

This is the ratio which the aggregate of operating income, non-recurring items and equity accounted earnings bears to interest payable (inclusive of capitalised interest).

5.3 NET ASSETS

These are equivalent to shareholders' equity.

5.4 PRETAX RETURN ON TOTAL ASSETS

This is calculated by relating to closing total assets, income before tax inclusive of dividend income and equity accounted earnings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

5.5 EARNINGS PER SHARE

Attributable and fully diluted earnings 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 1,57% for 2018 and 0,22% in 2017 respectively.

The weighted average number of shares was:

	2018 Number of Shares in millions	2017 Number of Shares in millions
Ordinary shares	**1 228**	1 226
Share options	**3**	2
Fully diluted number of shares	**1 231**	1 228

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.

6. COUNTRY OF INCORPORATION AND CURRENCY

All Group companies are incorporated in Zimbabwe with the exception of National Breweries Plc which is incorporated in Zambia. The financial statements are expressed in United States Dollars (US$), 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.

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 2018 nor 2017.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

7. SEGMENTAL REPORTING (CONTINUED)

Information about reportable segments

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

Reportable segments

2018	Lager Beer US$'000	Sparkling Beverages US$'000	Sorghum Beer US$'000	Total reportable segments US$'000	All other segments US$'000	Total US$'000
External revenue	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**

* Included in trade and other payables are short term borrowings of US$12,4 million, (2017: US$60,0 million).

Reportable segments

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

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

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

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

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)

	2018 US$'000	2017 US$'000
i) Revenue		
Total revenue for reportable segments	**571 418**	480 279
Revenue for other segments	**18 153**	18 994
Elimination of inter-segment revenue	**(17 344)**	(16 305)
Consolidated revenue	**572 227**	482 968
ii) Operating income		
Total operating income for reportable segments	**97 068**	72 147
Operating income for other segments	**7 647**	9 897
- Finance income	**12 148**	11 457
- Finance cost	**(5 898)**	(6 918)
- Share of profit of equity-accounted investees	**4 334**	1 834
Consolidated profit before tax	**115 299**	88 417
iii) Assets		
Total working capital assets for reportable segments	**91 030**	95 438
Working capital assets for other segments	**299 930**	191 982
Total property, plant and equipment for reportable segments	**332 671**	315 445
Property, plant and equipment for other segments	**34 186**	39 502
Equity-accounted investees	**47 439**	43 587
Other unallocated amounts	**32 144**	18 135
Consolidated total assets	**837 400**	704 089
iv) Liabilities		
Total trade and other payables for reportable segments	**86 014**	41 815
Trade and other payables for other segments	**56 508**	86 589
Borrowings	**42 746**	—
Provisions	**28 725**	19 932
Deferred tax liabilities	**55 639**	50 022
Other unallocated amounts	**65 562**	30 064
Consolidated total liabilities	**335 194**	228 422

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

8. REVENUE

	Note	2018 US$'000	2017 US$'000
Gross sales		**667 522**	562 933
Less VAT and discounts		**(95 295)**	(79 965)
Revenue		**572 227**	482 968
Less excise duties and levies	9.1	**(67 510)**	(52 702)
Net sales		**504 717**	430 266

All income has been derived from the sale of goods.

9. OPERATING INCOME

Operating income is arrived at after charging:-

9.1 NET OPERATING COSTS

	Note	2018 US$'000	2017 US$'000
Raw materials and consumables used		**204 745**	171 294
Depreciation of property, plant and equipment	9.2	**29 388**	30 714
Staff costs		**87 353**	78 855
Excise duties and levies		**67 510**	52 702
Share option expenses		**1 193**	1 643
Repairs and maintenance		**21 394**	18 887
Container breakages		**9 486**	3 783
Selling and marketing expenses		**13 805**	13 279
Royalties and technical fees		**8 764**	8 130
Security costs		**5 295**	5 438
Administration and operating costs		**18 579**	16 199
		467 512	400 924

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

9. OPERATING INCOME (CONTINUED)

9.2 DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

	2018 US$'000	2017 US$'000
Buildings	**880**	2 572
Plant and equipment	**22 017**	20 942
Vehicles	**3 108**	3 858
Containers (deferred container expenditure)	**3 383**	3 342
	29 388	30 714

9.3 AUDITORS' REMUNERATION

	2018 US$'000	2017 US$'000
Included in administration and operating costs are current year audit fees and expenses as follows:		
Current year audit fees and expenses		
- Group	**355**	355
- Company	**45**	45
	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 lease periods.

10.2 NET LEASING EXPENSE

	2018 US$'000	2017 US$'000
Lease payments:		
- Minimum lease payments	**1 416**	1 313

10.3 NET FUTURE OPERATING LEASE COMMITMENTS

	2018 US$'000	2017 US$'000
Lease payments:		
- Payable within one year	**1 127**	997
- Payable within two to five years	**3 474**	3 531
	4 601	4 528

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

11. TAXATION

11.1 TAXATION

	2018 US$'000	2017 US$'000
Income tax:		
Current tax	**23 853**	16 971
Withholding tax	**403**	372
Deferred tax	**2 535**	1 189
	26 791	18 532

11.2 RECONCILIATION OF RATE OF TAXATION

	2018 %	2017 %
Standard rate	**25,75**	25,75
Adjusted for:		
Effect of expenses not deductible for tax	**0,35**	0,56
Effect of income not taxable in determining taxable profit:		
Effect of interest income taxed at different rate	**(1,14)**	—
Effect of associate income	**(0,33)**	(0,52)
Other permanent differences	**(1,39)**	(4,83)
Effective rate	**23,24**	20,96

11.3 DEFERRED TAX LIABILITIES

	2018 US$'000	2017 US$'000
Balance at the beginning of the year	**50 022**	48 833
Charge to profit or loss for continuing operations	**2 535**	1 189
Arising with acquisition of subsidiary	**3 082**	—
Balance at end of year	**55 639**	50 022
Analysis of balance at end of year		
Property, plant and equipment	**56 688**	51 243
Other temporary differences	**(1 049)**	(1 221)
	55 639	50 022

11.4 CONTINGENCIES

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

12. PROPERTY, PLANT AND EQUIPMENT

	2018 US$'000	2017 US$'000
FREEHOLD PROPERTIES		
Cost	**135 596**	125 581
Accumulated depreciation	**(55 230)**	(54 526)
	80 366	71 055
PLANT AND EQUIPMENT		
Cost	**437 635**	403 506
Capital work in progress	**3 299**	2 670
	440 934	406 176
Accumulated depreciation	**(231 409)**	(209 534)
	209 525	196 642
VEHICLES		
Cost	**56 420**	55 862
Accumulated depreciation	**(34 964)**	(32 818)
	21 456	23 044
CONTAINERS		
Containers on hand	**33 906**	49 818
Containers in the market	**21 604**	14 388
	55 510	64 206
Total property, plant and equipment	**366 857**	354 947
Movement in net book amount for the year:		
At the beginning of the year	**354 947**	354 332
Acquisition of subsidiary	**37 413**	—
Capital expenditure	**13 891**	41 034
Disposals	**(77)**	(232)
Movement in containers in the market and other adjustments	**(9 929)**	(9 473)
Depreciation	**(29 388)**	(30 714)
At end of the year	**366 857**	354 947
Capital expenditure comprised:		
Plant and equipment	**8 415**	35 223
Vehicles	**2 485**	1 243
Containers	**2 991**	4 568
	13 891	41 034
Disposals comprised:		
Plant and equipment	**—**	(25)
Vehicles	**(77)**	(207)
	(77)	(232)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

13. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

13.1 INVESTMENTS IN SUBSIDIARIES

	2018 US$'000
On I January 2018, Delta Corporation Limited acquired 70% of the issued share capital of National Breweries Plc in Zambia.	
Assets acquired and liabilities recognised at the date of acquisition	
Property, plant and equipment	36 470
Inventories	887
Trade and other receivables	1 546
Current income tax asset	500
Cash and cash equivalents	4 447
Indemnification asset	1 305
Total assets	**45 155**
Trade and other payables	10 329
Borrowings	10 199
Deferred income tax liability	4 892
Contingent liability	1 305
Total liabilities	**26 725**
Total identifiable net assets	**18 430**
Non-controlling interests in National Breweries Plc	(5 529)
Total cash consideration	12 901

Contingent liability

A contingent liability of US$1,3 million has been recognised for legal claims relating primarily to employment issues. The potential value of the claims against the subsidiary is US$1,3 million.

Indemnification asset

The sale and purchase agreement contains an indemnification clause in which the seller of National Breweries Plc has agreed to reimburse the Group up to an amount of US$1,3 million for a pending lawsuit in which National Breweries is a defendant. The Group has recognised this possible compensation (indemnification asset) at US$1,3 million at the date of acquisition.

Non-controlling interests

The non-controlling interest of 30% recognised at acquisition date was measured by reference to the proportionate share in the identifiable net assets and amounted to US$5,5 million.

Net cash outflow on acquisition of subsidiary

	2018 US$'000
Consideration paid in cash	12 901
Cash and cash equivalents in subsidiary acquired	(4 447)
Net cash outflow from acquisition of subsidiary	8 454

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

13. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (CONTINUED)

13.2 INVESTMENTS IN ASSOCIATES

	2018 US$'000	2017 US$'000
Shares at cost	**20 093**	20 093
Post acquisition reserves	**27 346**	23 494
	47 439	43 587

Analysis of results and statement of financial position of associates.

AFDIS Holdings Limited (38,14%) (2017: 38,14%)	2018 US$'000	2017 US$'000
Shares at cost	**10 493**	10 493
Group's share of post-acquisition profits	**3 016**	1 618
Dividend received from associate	**(1 219)**	(982)
	12 290	11 129
Total assets	**37 522**	25 856
Total liabilities	**(16 041)**	(8 563)
Net assets	**21 481**	17 293
Group's share of net assets of associate	**8 193**	6 596
Total revenue	**40 055**	35 732
Total profit for the year	**3 665**	1 268
Group's share of profit of associate	**1 398**	484

The market value of the Group's interest in AFDIS Holdings Limited, the controlling entity of African Distillers Limited which is listed on the stock exchange in Zimbabwe, was US$64,5 million (2017: US$24,2 million).

Schweppes Zimbabwe Limited (49%) (2017: 49%)	2018 US$'000	2017 US$'000
Shares at cost	**530**	530
Gain arising on acquisition	**9 278**	9 278
Group's share of post-acquisition distributable reserves	**13 835**	12 414
Dividend received from associate	**(750)**	(505)
	22 893	21 717
Total assets	**78 909**	70 528
Total liabilities	**(45 006)**	(48 263)
Net assets	**33 903**	22 265
Group's share of net assets of associate	**16 612**	10 910
Total revenue	**109 502**	89 857
Total profit for the year	**2 900**	1 080
Group's share of profit of associate	**1 421**	529

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

13. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (CONTINUED)

13.2 INVESTMENTS IN ASSOCIATES (CONTINUED)

Nampak Zimbabwe Limited (21.46%) (2017: 21.46%)	2018 US$'000	2017 US$'000
Shares at cost	**9 070**	9 070
Group's share of post-acquisition distributable reserves	**3 186**	1 671
	12 256	10 741
Total assets	**144 911**	109 689
Total liabilities	**(75 277)**	(47 116)
Net assets	**69 634**	62 573
Group's share of net assets of associate	**14 943**	13 428
Total revenue for the year	**97 379**	43 139
Total profit for the year	**7 060**	3 825
Group's share of profit of associate	**1 515**	821

The market value of the Group's interest in Nampak Zimbabwe Limited which is listed on the stock exchange in Zimbabwe was US$26,8 million (2017: US$4,9 million).

14. TRADEMARKS, INVESTMENTS AND LOANS

	2018 US$'000	2017 US$'000
14.1 INVESTMENTS		
Unlisted - at cost	**134**	244
14.2 LOANS		
Secured-Related Parties	**8 348**	9 379
Total loans and investments	**8 482**	9 623
14.3 TRADEMARKS		
At beginning of year	**2 914**	2 914
Acquisition of brands in subsidiary	**14 600**	—
At cost	**17 514**	2 914

Included in the Group's secured loans of US$8,3 million are loans to employees made in terms of a Group housing and vehicle ownership scheme. This includes loans to Directors and officers of the Group amounting to US$5 million (2017: US$5,6 million). During the year, US$0,251 million was advanced and US$0,826 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 tenures 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

15. INVENTORIES

	2018 US$'000	2017 US$'000
Consumable stores	**23 284**	24 193
Finished products	**9 194**	18 402
Raw materials	**30 302**	33 118
Work in progress	**3 227**	2 040
	66 007	77 753

The cost of inventories recognised as an expense during the year was US$167,6 million (2017: US$138,0 million).

16. TRADE AND OTHER RECEIVABLES

	2018 US$'000	2017 US$'000
Trade receivables	**21 108**	35 666
Other receivables	**8 998**	6 680
Allowances for credit losses	**(5 138)**	(7 404)
	24 968	34 942

The Group holds collateral on some receivable balances. The estimated value of this collateral is US$10,1 million (2017: US$6,5 million). The Group does not hold other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty. The average debtor days is 12 (2017: 23).

The Group has recognised an allowance for credit losses of US$3,5million (2017: US$3,6 million) based on the historical past default performance of the counter party and the analysis of the counter party's financial position.

Before accepting any new customer, the Group uses a credit scoring system to assess the potential customer's credit quality and define the credit limits by customer. Limits and customer performance are reviewed regularly. During the year 76% (2017: 79%) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

	2018 US$'000	2017 US$'000
60-90 days	**566**	1 425
Over 90 days	**2 202**	3 502
	2 768	4 927
Movement in the allowance of credit losses		
Balance at the beginning of the year	**7 404**	3 876
Increase in allowance for credit losses	**3 550**	3 645
Amounts written off during the year as uncollectable	**(5 750)**	—
Amounts recovered during the year	**(66)**	(117)
Balance at the end of the year	**5 138**	7 404

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.

	2018 US$'000	2017 US$'000
Ageing of impaired trade receivables		
Over 90 days	**5 138**	7 404
Total	**5 138**	7 404

17. SHARE CAPITAL

17.1 AUTHORISED SHARE CAPITAL

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

17.2 ORDINARY SHARES ISSUED AND FULLY PAID

	2018 Number of shares in millions	2017 Number of shares in millions
At beginning of year	**1 222**	1 231
Exercise of share options	**14**	1
Share allotment	**7**	—
Share cancellation	**(7)**	(10)
At end of year	**1 236**	1 222

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 142 634 399 (2017 - 156 595 876) ordinary shares has been placed at the disposal of the directors for an indefinite period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

17. SHARE CAPITAL (CONTINUED)

17.4 SHARES UNDER OPTION

The directors are empowered to grant share options to certain employees of the Group. These options are exercisable for a period of ten years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day prior to the granting of the options. Each employee share option converts into one ordinary share of Delta Corporation Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The number of shares subject to option is approved by shareholders in a General Meeting, and the number of options granted is calculated in accordance with the performance-based formula approved by the Remuneration Committee. The numbers of share options are limited in line with the Zimbabwe Stock Exchange (ZSE) regulations.

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

Date of Grant	Date of expiry	Subscription Prices US$	Number of Shares 2018 '000	Number of Shares 2017 '000
1 March 2009	1 March 2019	0,150	—	520
8 May 2009	8 May 2019	0,150	**30**	150
2 January 2010	2 January 2020	0,505	—	56
3 January 2011	3 January 2021	0,636	**190**	1 101
3 November 2011	3 November 2021	0,746	**814**	2 828
2 August 2012	2 August 2022	0,680	**1 086**	7 026
1 June 2013	1 June 2023	1,450	**4 518**	5 195
1 June 2014	1 June 2024	1,148	**1 718**	6 255
Total options			**8 356**	23 131
12 February 2016	13 February 2026	0,525	**7 187**	7 528
6 May 2016	6 May 2026	0,730	**9 668**	9 702
5 May 2017	5 May 2027	0,863	**7 682**	—
Total Share Incentives			**32 893**	40 361

	2018 '000	2017 '000
Movements in share options during the year:		
Number outstanding at beginning of year	**40 361**	31 909
New options / SARS granted during the year	**7 682**	9 702
Forfeited shares	**(1 133)**	—
Exercised during the year	**(14 017)**	(1 250)
Outstanding at end of year	**32 893**	40 361

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

17. SHARE CAPITAL (CONTINUED)

17.4 SHARES UNDER OPTION (CONTINUED)

The weighted average price of exercise of share options and the weighted average stock exchange price for the year were US$0,80 (2017: US$0,69) and US$ 1,88 (2017: US$0,70) respectively. The number shares forfeited for the year ended 31 March 2018 is 1 133 000 (2017: 0 shares).

Share options granted under the employee share option plan carry no rights to dividends and no voting rights.

In terms of the Company share option scheme, options were granted on 5 May 2017. The estimated fair value of the options granted on this date was US$1,15 million. The options granted mature after three years and, accordingly, the fair value will be amortised over that period. The Group recognised total expenses of US$1,2 million (2017: US$1,6 million) in respect of share options in issue.

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

Date of Issue	MAY 2017	MAY 2016
Grant date share price – US$	**0,866**	0,7297
Exercise price per share – US$	**0,866**	0,7297
Expected volatility	**Variable**	Variable
Dividend yield	**3,6%**	3,6%
Risk-free interest rate	**5,6%**	5%

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 2018 was US$3,5million – 2 431 000 shares, (2017: US$7,2 million – 9 903 281 shares).

17.6 PRIOR YEAR ADJUSTMENT

Due to non-remittance of foreign dividends , the dividends due to the major shareholder were rebanked with the Company. These dividends were inadvertently retained in equity instead of dividend payable, hence this correction which has now been effected as follows:

	2017 US$'000
Reduction in equity	**28 195**
Increase in current liabilities	**28 195**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

18. DIRECTORS' SHAREHOLDINGS

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

	2018 US$'000	2017 US$'000
P Gowero	**352 000**	—
C C Jinya	**4 431**	4 431
H C Sadza	**764**	764
M M Valela	**7 651 250**	4 833 350
	8 008 445	4 838 545

No changes in Directors' shareholdings have occurred between the financial year end and 4 May 2018, being the date of the last meeting of the directors.

19. BORROWINGS

	2018 US$'000	2017 US$'000
19.1 LONG-TERM BORROWINGS-AMORTISED COST		
At beginning of year	**—**	65 000
Long term loans raised	**20 147**	—
Repayment	**—**	(5 000)
Transfer from / (to) short-term borrowings	**12 400**	(60 000)
Arising on acquisition of subsidiary	**10 199**	—
Balance at end of year	**42 746**	—
19.2 SHORT-TERM BORROWINGS-AMORTISED COST		
At beginning of year	**60 000**	—
Repayment	**(35 200)**	—
Transfer (to) / from long-term borrowings	**(12 400)**	60 000
Balance at end of year	**12 400**	60 000

Borrowings, which are unsecured, form part of the core borrowings of the Group and are renewed on maturity in terms of ongoing facilities negotiated with the relevant financial institutions. In terms of a resolution of the Company in a general meeting, borrowings shall not exceed, in aggregate, shareholders' equity, which amounts to US$502,2 million.

The outstanding balances are repayable within twelve months.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

20. TRADE, OTHER PAYABLES AND PROVISIONS

	2018 US$'000	2017 US$'000
20.1 TRADE AND OTHER PAYABLES		
Trade payables	**66 683**	30 967
Accruals and other payables	**63 433**	37 437
	130 116	68 404

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

The average credit period on purchases of certain goods is 30 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20.2 PROVISIONS

	2018 US$'000	2017 US$'000
Employee benefits *	**7 121**	5 544
Containers in the market **	**21 604**	14 388
	28 725	19 932

	Employee benefits	Containers in the market
Balance at beginning of year	**5 544**	14 388
Additional provision recognised	**1 577**	—
Container market absorption movement	**—**	7 216
Balance at end of year	**7 121**	21 604

* 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

21.1 CASH GENERATED FROM OPERATING ACTIVITIES

	2018 US$'000	2017 US$'000
Operating income	**104 715**	82 044
Depreciation	**29 388**	30 714
(Profit) / loss on disposal of property, plant and equipment	**(64)**	144
Share option expense	**1 193**	1 643
Other non cash items	**9 292**	474
	144 524	115 019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

21. CASH FLOW INFORMATION (CONTINUED)

	2018 US$'000	2017 US$'000
21.2 INCREASE IN WORKING CAPITAL		
Decrease in inventories	**12 633**	8 678
Decrease in receivables and other assets	**4 150**	7 350
Increase /(decrease) in obligation for containers in the market	**7 216**	(2 295)
Increase in trade and other payables	**52 968**	4 187
	76 957	17 920
21.3 INCOME TAXATION PAID		
Balance at beginning of year	**3 729**	(8 063)
Current and withholding tax (Ref note 11.1)	**(24 256)**	(17 343)
Arising on acquisition of subsidiary	**(883)**	—
Net tax asset at end of year	**(23)**	(3 729)
	(21 433)	(29 135)
The tax asset is a net of current tax asset of US$ 6 148 000 (2017: US$5 598 000) and a liability of US$ 6 125 000 (2017: US$ 1 869 000) as shown per Consolidated Statement of Financial Position.		
21.4 DIVIDEND PAID		
By the company:		
Declared dividend at the beginning of year	**(28 195)**	(11 694)
Current year declared dividend (Ref note 22)	**(85 476)**	(65 663)
Balance at end of year	**59 443**	28 195
	(54 228)	(49 162)
21.5 MOVEMENTS IN LONG TERM BORROWINGS		
Balance at beginning of year	**—**	65 000
Transfer from / (to) short-term loan	**12 400**	(60 000)
Acquired with subsidiary	**10 199**	—
Loans raised	**20 147**	—
Amount repaid	**—**	(5 000)
Balance at end of year	**42 746**	—
21.6 MOVEMENTS IN SHORT TERM BORROWINGS		
Balance at beginning of year	**60 000**	—
Transfer (to) / from long-term loan	**(12 400)**	60 000
Amount repaid	**(35 200)**	—
Balance at end of year	**12 400**	60 000
21.7 INCREASE IN SHAREHOLDER FUNDING		
Proceeds of shares issued:		
By the Company – share options exercised	**11 151**	795
	11 151	795
21.8 CASH AND CASH EQUIVALENTS		
Made up as follows:		
Bank balances and cash	**291 226**	173 334
	291 226	173 334

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

22. DIVIDENDS

	2018 US Cents	2017 US Cents	2018 US$'000	2017 US$'000
Interim	**4,50**	3,00	**56 391**	36 736
Final – proposed	**2,70**	2,45	**33 502**	29 891
	7,20	5,45	**89 893**	66 627

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 105 of this report.

AB Inbev Group entities are considered to be related parties of the Group by virtue of its 40% equity shareholding. Details of the transactions are shown below.

23.2 RELATED PARTY TRANSACTIONS

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

	Purchases of goods US$'000	Royalties, Technical & other fees US$'000	Sale of goods US$'000	Rental payments US$'000	Amounts Owed by Related parties US$'000	Amounts Owed to Related parties US$'000
2018						
AB InBev Companies	48 839	**8 764**	525	—	**70**	(43 807)
Associates	26 647	**—**	—	—	**1**	(1 029)
Delta Pension Fund	—	**—**	—	288	**—**	—
	75 486	**8 764**	525	288	**71**	(44 836)
2017						
AB InBev Companies	42 147	**8 130**	—	—	**—**	(28 741)
Associates	20 066	**—**	—	—	**—**	(22)
Delta Pension Fund	—	**—**	—	288	**—**	—
	62 213	**8 130**	—	288	**—**	(28 763)

During the course of the year Dube Manikai and Hwacha, a law firm in which the Group Chairman is a partner, provided legal services to the Group amounting to US$0,098million (2017: US$0,096 million).

Transactions with related parties are carried out at arm's length. The amounts outstanding are unsecured and will be settled on normal terms. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

23. RELATED PARTY TRANSACTIONS (CONTINUED)

23.3 REMUNERATION OF DIRECTORS AND OTHER KEY MANAGEMENT

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

	2018 US$'000	2017 US$'000
Short-term benefits	**6 818**	3 477
Post-employment benefits	**484**	478
Share based payments	**907**	1 162
	8 209	5 117
Included in the above amounts are the following in respect of directors' emoluments:		
For services as directors	**247**	226
For managerial services	**1 227**	1 334
	1 474	1 560

23.4 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name	Country of Incorporation	Principal activity	Effective Interest 2018	Effective Interest 2017
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 (Private) Limited	Zimbabwe	Dormant	**75%**	26%
Food & Industrial Processors (Private) Limited	Zimbabwe	Starch Distributor	**49%**	49%
Schweppes Zimbabwe Limited	Zimbabwe	Beverages Manufacture	**49%**	49%
Afdis Holdings Limited / Afdis Limited	Zimbabwe	Beverages Manufacture	**38%**	38%
National Breweries Plc	Zambia	Sorghum Beer Manufacture	**70%**	—
Nampak Zimbabwe Limited	Zimbabwe	Plastics & Paper Manufacture	**21%**	21%
PetrecoZim (Private) Limited	Zimbabwe	Plastics Recycling	**15%**	15%
Chibuku Holdings Plc	Mauritius	Holding	**100%**	—

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

23. RELATED PARTY TRANSACTIONS (CONTINUED)

23.4 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

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

	2018 US$'000	2017 US$'000
Contracts and orders placed	**3 000**	2 500
Authorised by directors but not contracted	**52 061**	34 889
	55 061	37 389

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

25. PENSION FUNDS

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

25.1 DELTA GROUP PENSION FUND

All Group employees are members of the Delta Beverages Pension Fund. The funds are independently administered defined contribution funds and are, accordingly, not subject to actuarial valuations.

25.2 NATIONAL SOCIAL SECURITY AUTHORITY SCHEME

This is a defined contribution scheme promulgated under the National Social Security Authority Act 1989. The Group's obligations under the scheme are limited to specific contributions legislated from time to time. These are presently 3,5% of pensionable emoluments up to a maximum of US$700 per month for each employee.

	2018 US$'000	2017 US$'000
25.3 PENSION COSTS RECOGNISED AS AN EXPENSE FOR THE YEAR		
Delta Group Pension Fund	**3 716**	4 220
National Social Security Authority Scheme	**1 028**	1 037
	4 744	5 257

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

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	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Euro	**(1 592)**	(190)	**35**	1 480	**(1 557)**	1 290
Rand	**(305 388)**	(7 166)	**6 584**	134	**(298 804)**	(7 032)

The following table details the Group's sensitivity to a 10% and 22% increase in the United States Dollar against the Euro and South African Rand respectively. The 22% and 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a percentage change in foreign currency rates. A positive number below indicates an increase in profit where the United States Dollar strengthens or weakens in a favourable manner against the net exposure.

	Euro Impact		Rand Impact	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Profit/(Loss)	**174**	(129)	**4 561**	1 547

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 or floating rate instruments held.

26.4 LIQUIDITY RISK MANAGEMENT

The Group has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

26.4 LIQUIDITY RISK MANAGEMENT (CONTINUED)

Liquidity and Interest rate tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods and fixed interest rates. There are no financial liabilities with floating rates. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. All interest rate cash flows are fixed in nature. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted average effective interest rate %	0-2 months US$'000	2-12 months US$'000	12-36 months US$'000	Total US$'000
31 March 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**
31 March 2017					
Fixed interest rate instruments	7,5	—	60 000	—	**60 000**
Trade and other payables	—	68 404	—	—	**68 404**
	—	68 404	60 000	—	**128 404**

The Group has access to financing facilities of which US$25 million were unused at the end of the reporting period. The Group expects to meet its other obligations from operating cash flows.

	2018 US$'000	2017 US$'000
FINANCING FACILITIES		
Unsecured bank loan facility with various maturity dates through to January 2021 and of which:		
Total available	**80 000**	70 000
Amount used	**(55 146)**	(60 000)
Amount unused	**24 854**	10 000

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

26.6 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

26.7 CATEGORIES OF FINANCIAL INSTRUMENTS

	2018 US$'000	2017 US$'000
Financial assets		
Cash and bank balances	**291 226**	173 334
Trade and other receivables	**24 968**	34 942
Loans	**8 348**	9 379
Available-for-sale financial assets	**134**	244
Financial liabilities		
Amortised cost:		
Borrowings	**55 146**	60 000
Trade and other payables	**130 116**	68 404

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 11,11% in current year (2017: 11,91%).

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.

28. SUBSEQUENT EVENTS

There were no significant subsequent events affecting the financial statements for the year ended 31 March 2018.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH

	2018 US$'000	2017 US$'000
REVENUE		
Dividend and other income	**89 838**	67 219
Administrative expenses	**(513)**	(544)
Profit before tax	**89 325**	66 675
Taxation	**—**	—
PROFIT FOR THE YEAR	**89 325**	66 675
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**89 325**	66 675

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

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

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 MARCH

	Notes	2018 US$'000	Restated 2017 US$'000
ASSETS			
Non-current Assets			
Interest in associated companies	13, E	**19 563**	19 563
Interest in subsidiaries	A	**13 158**	255
Other investments		**14 734**	134
		47 455	19 952
Current Assets			
Loans to subsidiaries	B	**106 862**	87 806
Trade and other receivables	C	**36 454**	30 668
		143 316	118 474
Total Assets		**190 771**	138 426
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		**12 361**	12 222
Share premium		**44 976**	32 044
Share option reserve		**4 678**	7 389
Retained earnings		**67 863**	57 126
Total Equity		**129 878**	108 781
Current Liabilities			
Trade and other payables	D	**1 450**	1 450
Dividends payable		**59 443**	28 195
		60 893	29 645
Total Equity and Liabilities		**190 771**	138 426

The financial statements were approved by the Board and authorised for issue on 4 May 2018.

P GOWERO
CHIEF EXECUTIVE OFFICER

M M VALELA
EXECUTIVE DIRECTOR - FINANCE

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 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 recognised at cost.

B. LOANS TO SUBSIDIARIES

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

C. TRADE AND OTHER RECEIVABLES

Receivables relate to dividends owing from the subsidiary Delta Beverages (Private) Limited as well as dividends paid over to the share transfer secretaries, but not yet distributed to shareholders. There are no amounts that are past due or impaired.

	2018 US$'000	2017 US$'000
Dividend receivable from subsidiary	**33 502**	29 891
Other Receivables	**2 952**	777
Total	**36 454**	30 668

D. TRADE AND OTHER PAYABLES

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

E. INTEREST IN ASSOCIATED COMPANIES

Associated companies relate to investments in Afdis Holdings Limited and Nampak Zimbabwe Limited disclosed in note 13.2. 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 US$'000	Share premium US$'000	Share options reserve US$'000	Retained earnings Restated US$'000	Total equity US$'000
At 1 April 2016		12 310	33 074	5 985	72 854	**124 223**
Profit for the year		—	—	—	66 675	**66 675**
Other Comprehensive income for the year, net of tax		—	—	—	—	**—**
Total Comprehensive Income for the year		—	—	—	66 675	**66 675**
Transactions with owners:						
Share options exercised		12	783	—	—	**795**
Share buy back	17.5	(100)	(1 813)	—	(5 285)	**(7 198)**
Transfer from share options reserve		—	—	(239)	239	**—**
Recognition of share based payments		—	—	1 643	—	**1 643**
Payment of dividends	21.4	—	—	—	(49 162)	**(49 162)**
Total (as previously reported)		12 222	32 044	7 389	85 321	**136 976**
Transfer to dividends payable	17.6	—	—	—	(28 195)	**(28 195)**
At 1 April 2017 (restated)		**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**
Dividends declared	21.4	—	—	—	(85 476)	**(85 476)**
At 31 March 2018		**12 361**	**44 976**	**4 678**	**67 863**	**129 878**

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH

	2018 US$'000	2017 US$'000
Cash flow from operating activities		
Profit before tax	**89 325**	66 675
Less dividends to be included as investing activities	**(89 325)**	(66 675)
Cash generated from trading	**—**	—
Increase in working capital	**(28 099)**	(10 976)
Cash generated from operating activities	**(28 099)**	(10 976)
Net cash flow utilised in operating activities	**(28 099)**	(10 976)
Cash flow from investing activities		
Increase in other investments	**(14 658)**	(134)
Dividend received from associate	**239**	110
Dividend received from subsidiary	**89 086**	66 565
Net cash from investing activities	**74 667**	66 541
Cash flow from financing activities		
Dividend paid	**(54 228)**	(49 162)
Increase in shareholder funding	**11 151**	795
Share buy back	**(3 491)**	(7 198)
Net cash utilised in financing activities	**(46 568)**	(55 565)
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

	2018	2017
SHARE PERFORMANCE		
PER SHARE (US cents)		
Attributable earnings	**7,22**	5,70
Diluted earnings	**7,20**	5,69
Cash equivalent earnings	**10,08**	8,24
Dividends	**7,20**	5,45
Cash flow	**18,00**	10,85
Net asset value	**40,37**	38,81
Closing market price (US cents)	**158,75**	86,00
ZSE industrial index	**291,00**	138,99
SHARE INFORMATION		
In issue (m's)	**1 257**	1 244
Market capitalisation (US$000's)	**1 995 488**	1 070 110
Trading volume (m's)	**69**	99
Trading percentage (%)	**5,49**	7,96
RATIOS AND RETURNS		
PROFITABILITY		
Return on equity (%)	**17,88**	14,69
Income after taxation to total capital employed (%)	**17,82**	14,69
Pretax return on total assets (%)	**13,77**	12,56
SOLVENCY		
Total debt to total Shareholders' funds (%)	**10,98**	12,61
Interest cover (times)	**18**	12
Total liabilities to total Shareholders' funds (%)	**66,74**	48,02
LIQUIDITY		
Current assets to interest free liabilities & short-term borrowings	**1,68**	1,64
PRODUCTIVITY		
Turnover per employee ($000's)	**124**	107
Turnover to payroll (times)	**6,46**	6,00
OTHER		
Number of shareholders	**6 318**	6 370

SUSTAINABLE DEVELOPMENT REPORT

OUR PURPOSE *"...and growing our business sustainably for the betterment of our employees and communities".* We continue to adjust the key pillars of our sustainability framework to ensure their alignment to the UN Sustainable Development Goals (SDGs).

Our Group is a multi-beverage business with a focus on beer and soft drinks. We do business in a way that improves livelihoods and helps build communities. We do this by delivering to our consumers refreshing and enjoyable high quality products. In doing so, we create jobs, pay taxes, build skills; which demonstrates that business growth and sustainable development can be mutually reinforcing rather than be in conflict. The multiplier effect of our investments and business operations through the value chains is a catalyst for national development.

We know that many communities in which we operate across the country face big challenges in their environments and societies, which we share with them. We strive for a Better, BRIGHTER World so that as we strengthen our business we also contribute to society. The challenges that we face require that we work TOGETHER with others to find and implement solutions.

Our program borrows from that of Anheuser-Busch InBev's (AB InBev) Better World strategy under the theme 'Bringing People Together for a Better World". This summarises the UN Sustainable Development Goals (SDGs) into three pillars:

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

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

SUSTAINABLE DEVELOPMENT GOALS

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

GROWING WORLD

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

SUPPORTING LOCAL COMMUNITIES

Delta Corporation is a significant contributor to the Zimbabwean economy, providing direct employment to over 4 800 people and indirectly by supporting livelihoods through both our upstream and downstream value chain partners in sourcing inputs and the distribution and retailing of our beverages. The multiplier effects of our operations permeate through various facets of the Zimbabwean economy, thereby creating wealth and improving the welfare of the communities in which we work.

A key pillar of our direct support to communities is the Delta Schools Infrastructure Program whose aim is to work collaboratively with the chosen community to construct learning facilities at one or two primary schools a year. This initiative includes construction of model classroom blocks, supply of furniture and other amenities. Communities are encouraged to participate by contributing their labour to mould bricks and supply water during construction in order to instill a sense of ownership which is important for maintaining the facilities. Two projects were running during the current year: Mucklenuck Primary School in Binga – Matabeleland North Province and Fairview – Matabeleland South Province of Zimbabwe which will be commissioned in 2018.

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 60 learners. We were excited in reading the story of one of our alumni who has excelled in her teaching career.

A Zimbabwean teacher, Mishael Tafadzwa Matonhodze has won South Africa's top teaching prize for excellence in Mathematics and Science, an achievement that vindicates Zimbabwe's long-standing milestones in the education sector, which has seen it maintaining pole position on literacy levels in Africa. ..... "At O-Level I attained five As and five Bs and acquired a bursary from Delta Corporation as a reward and a way of supporting students from poor backgrounds." The bursary saw her finishing high school at Sandringham High School. She then studied for BSc at the UZ and graduated with a double major in Biological Sciences and Statistics with a minor in Mathematics.

Story and picture courtesy of The Herald.

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

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

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

GROWING WORLD *(continued)*

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

As our share of the 5 by 20 Coca-Cola program to empower five million women by year 2020 worldwide, we plan to recruit and train over 5 000 women as part of the upgrading of the informal market traders and small to medium enterprises. Over 1 700 women have been trained so far.

Coca-Cola 5by20

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 raised a total of $8 200 towards the construction of a classroom block at Cheuchi Primary School in Mashonaland West province.

WE ARE PART OF ZIMBABWE'S 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 support over 9 000 families who are subsistence farmers to grow sorghum for use in brewing our sorghum and Eagle Lager beer. The scheme is part of our effort to integrate marginalized communities in our value chain. Our full barley requirements are provided by the 50 commercial farmers that participate in the longstanding barley contract scheme. The Company provides the farmers with inputs, extension services and in deserving cases capital expenditure funding with a focus to improve yields, uniformity of varieties and general agronomic practices. The barley contract has been extended to cover maize to ensure that the contracted farmers remain productive throughout the year.

EMPOWERING SMALL ENTERPRISES TO GROW AND THRIVE

We work with significant numbers of small enterprises who are either suppliers, service providers, transporters or retail customers. They are all critical to our success as a business hence our ongoing efforts to ensure their viability and our desire to unlock their entrepreneurial potential. The supplier partnering programme focuses on developing joint initiatives to improve the value chains based on a common understanding of cost drivers, leveraging on technological developments and meeting the base supplier guiding principles on safety, human rights and legal compliance.

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. In the last two years, we have trained over 1100 retailers covering the key modules such as financial management, product handling, understanding a beer business and responsible retailing and environmental awareness.

HEALTHIER WORLD

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

The majority of our consumers enjoy beer in moderation with friends and families but there is a minority who drink too much, putting themselves and people around them at risk of harm.

There is no simple solution to addressing alcohol related harm, nor can the issue be resolved by a single company acting alone. We are aligned to the World Health Organisation's global target of a 10% reduction in the harmful use of alcohold by 2025.

INFLUENCING SOCIAL NORMS AND BEHAVIOUR

We endeavour to leverage on our marketing capabilities to influence social norms and individual behaviours as part of our smart drinking initiatives. 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. These policies encourage responsible marketing, reducing appeal of beer to under age consumers, safeguards on access to digital platforms, discouraging binge drinking etc.

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

RESPONSIBLE CONSUMPTION

Working with 11 universities in Zimbabwe under the BOOST Fellowship, Enactus under which tertiary students undertake projects that communicate and advance behaviour change around alcohol in their communities and at their campuses.

Underage Drinking (PLEDGE<18)

The Pledge <18 programme which we launched in 2015, advocates against underage drinking while driving the commitment of young people to this cause through signing their pledges. This also partners ZIMPACT, BOOST and National Blood Services.

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

HEALTHIER WORLD *(continued)*

INVESTING IN ROAD SAFETY

ROAD SAFETY

Road Safety remains topical in Zimbabwe particularly as it relates to traffic accidents attributed to human error and speeding, of which the influence of alcohol is a notable factor. We therefore work collaboratively with our industry association, ZABMA and the Traffic Safety Council of Zimbabwe in "Taming the Traffic Jungle". This year we distributed more than 300 000 flyers promoting road safety and during public holidays. The concept of a designated driver was successfully used at some musical events in a partnership with ZIMPACT which covered three major musical shows.

We intensified our Respect the Road campaign which is aimed at equipping our heavy and light motor vehicle drivers to deal with hazards encountered behind the wheel, to keep them safer and contribute to overall road safety.

RESPONSIBLE RETAILING AND CONSUMPTION

RESPONSIBLE RETAILING

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

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

HEALTHIER WORLD *(continued)*

STRENGTHENING OUR INTERNAL GOVERNANCE SYSTEMS

- Training employees in the Alcohol Intelligence Quotient (AIQ) and the Alcohol Behaviour & Communication (AB&C) Programmes
- Subjecting all marketing material to review by the compliance committee which has an external and independent chairman
- Ensuring that all beer labels and advertising material generated by either the brewers or the retailers carry the requisite warnings and the responsible drinking icons on adverts
- Placing age gates on all websites that link to information on alcoholic products and reference to the websites such as www.talkingalcohol.com and www.tapintoyourbeer.com

In addition to the initiatives on alcoholic beverages we also have specific programs that relate to our sparkling and nutritious beverages. The Coca Cola Company is responding to the various concerns about sugary drinks as noted below.

talking alcohol.com

Our longstanding commitment to consumers' well-being begins with ensuring that each and every beverage we deliver is safe, delicious and refreshing. Further, we work to inspire consumers to pursue happier, healthier lives - and provide opportunities to do so - through the wide variety of products we offer, our transparent labeling practices, our responsible marketing practices and the many physical activity programs we support around the world.

THE COCA COLA COMPANY - Our Way Forward: How We're Keeping People at the Heart of Our Business

When your company name is recognized around the world - seen everywhere from the sides of rural barns to the awnings of city bodegas - it's critical to listen to what people want and need from you. And as people's tastes and lifestyles change from day to day, from generation to generation, we must change alongside, too.

AND WE ARE.

i) We choose to do more - not just say more - when it comes to the global fight against obesity.
ii) We're rethinking many of our drinks and package sizes around the world to reduce calories and sugar.
iii) We're making our low-and-no sugar drinks more visible and available.
iv) We're providing smaller, more convenient packaging, making it easier for you to manage your sugar consumption.
v) We're putting clear, easy-to-find calorie information so you can make informed choices.
vi) We're diligently following our policy not to target advertising to children under age 12 anywhere in the world.

That is Our Way Forward.

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

CLEANER WORLD *(continued)*

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.

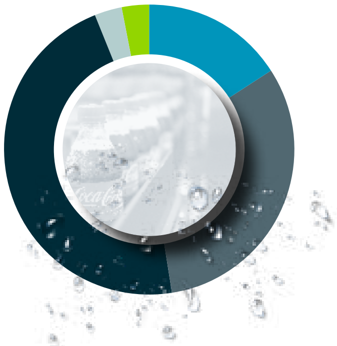
RETHINKING PACKAGING AND REDUCING WASTE. The Group believes in the use of returnable glass bottles as a trusted and effective way to reduce the environmental impact of our packaging as they are much more resource efficient than the one-way packages such as cans and PET.

We are aware of the need for sustainable solutions to reduce litter from used primary packages such as PET and cans. We are working collaboratively with the environmental agency (EMA), local authorities and other environmental groups to intensify the education of consumers on segregation of litter, placement of litter in bins and general consciousness on a cleaner environment.

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

We continued with the Make A Difference (MAD) campaign which enlists the support of community groups in taking care of the hygiene and cleanliness of the localities, discouraging littering particularly by motorists and the segregation of waste in the home. We are encouraging our employees to volunteer in the clean-up campaigns.

F18 VOLUME SPLIT BY PACK TYPE %



RETURNABLE PLASTIC	16%
RETURNABLE GLASS	32%
DRAUGHT BEER	0%
NON RETURNABLE PLASTIC	47%
NON RETURNABLE GLASS	3%
CANS	3%

- **ELIMINATING WASTE FROM OUR PRODUCTION PROCESSES:** A significant amount of the waste from our brewing operations is organic material such as spent grains which are sold to farmers as stock feed.

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

REDUCING SUPPLY CHAIN EMISSIONS: Our production and distribution processes use significant amounts of fossil fuels and generate CO2 emissions. We continue to record and analyse data on the levels of these emissions for comparison to set benchmarks. There are ongoing collaborative efforts across the supply chain to implement projects that reduce CO2 emissions. We continue to work towards the specific commitments and target set by the global brewing and beverage companies relating to annual reductions in emissions.

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

- **WATER & ENERGY EFFICIENCY:** Each production centre tracks the usages of water and energy against both internal and international benchmarks as part of the business key performance indicators. The key initiatives such as the light-weighting of primary and secondary packaging, use of light weight trailers, use of natural lighting, installation of energy management devices and LED lighting have resulted in significant progress in the various energy usage measures. Beverage manufacturers consume significant amounts of water, as scarce resource which we share with our communities. We therefore actively engage with local experts on watersheds, water ecosystems and sustainable water use in agriculture. We are aware that our local authorities face resource challenges in providing water to communities and hence our ongoing partnerships in alleviating some of the infrastructure challenges.

WATER STEWARDSHIP CHALLENGE

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

INCREASING WORKPLACE SAFETY

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 2017 we implemented behavioural safety programs throughout our operations. 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.

- 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. We have recorded commendable reductions in lost productive time arising from injuries or health related issues.

SUPPORT FOR CANCER INTERVENTION

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

- 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 third parties. We are reinforcing the Respect The Road Safety Campaign in an effort to combat accidents involving our heavy and light motor vehicles and those of our freight and distribution partners. This campaign aims to equip our drivers to deal with the daily hazards encountered behind the wheel, to keep them safer and contribute to overall road safety.

SUSTAINABLE **DEVELOPMENT REPORT** (CONTINUED)

- HAVING THE RIGHT PEOPLE: Our people are what matters most. They are the ones committed to achieving our goals. We recruit, develop and retain colleagues we believe can make us a better company, a company that will last. The Company employs on average some 4 800 employees of which 75% are permanent. There is a focus on increasing the ratio of female employees particularly at the senior levels. As noted in our Values Statement, we acknowledge that our people are our enduring advantage, hence the need to provide a safe and healthy working environment. Our conditions of service stress the need to discourage any forms of discrimination, recognise the right to collective bargaining and the need to promote fairness at the work place.

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

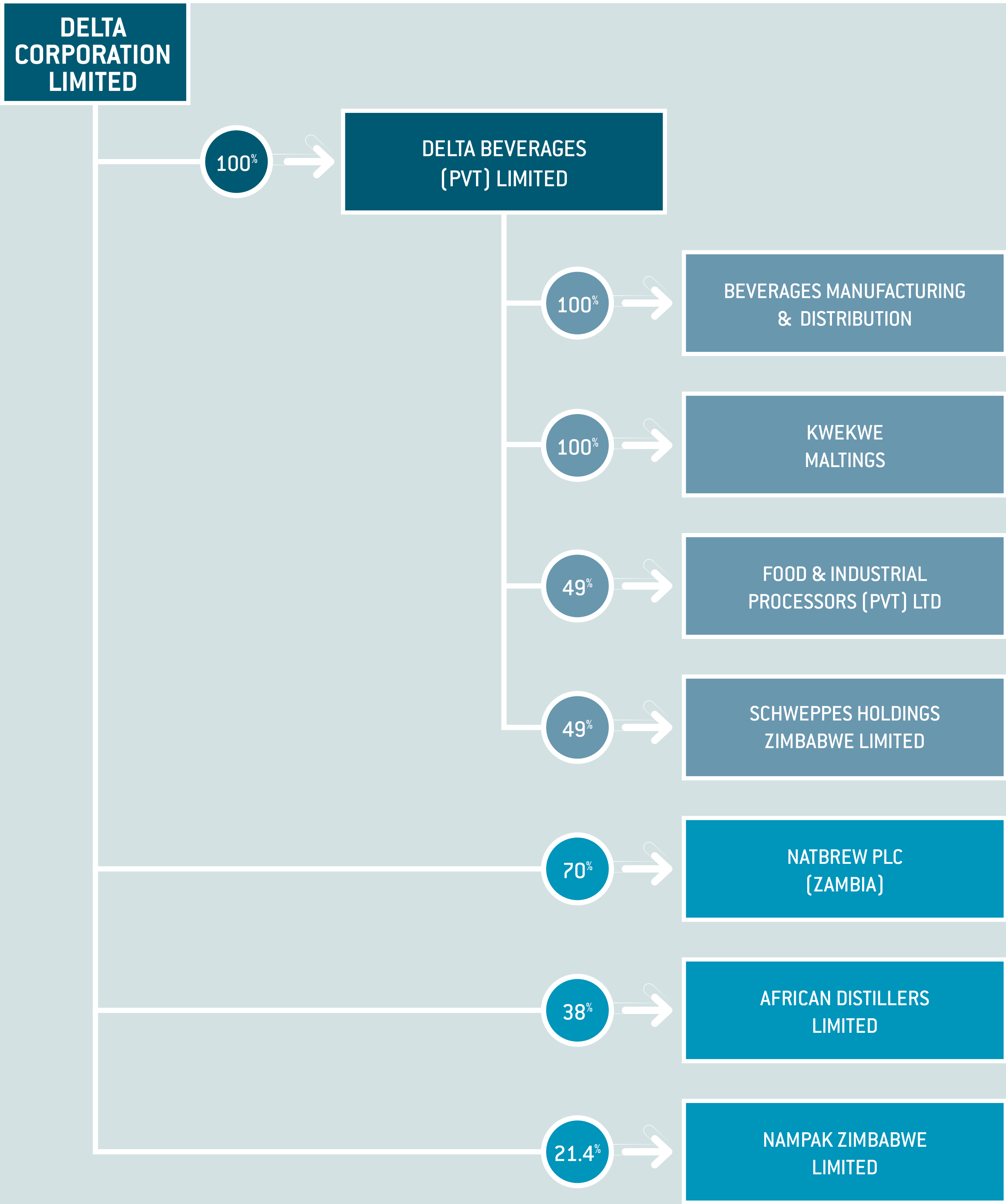
- ATTRACTING AND RETAINING TALENT: The business operates in a contracting economy which has reduced its capacity to create new jobs and offer new promotional opportunities. We however maintain focus on career development for our employees, whether in their current or for future roles noting that individual employees have a responsibility to take charge of their own development, albeit with support from their managers. During the last financial year, the Group provided close to 65 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 apprise them on the Company performance and address issues relating to remuneration, safety and welfare. We regularly solicit their views and listen to their ideas and opinions through employee engagement surveys. The engagements with employees are through the localised shop floor workers committees or sector trade unions.

SUSTAINABLE DEVELOPMENT REPORT (CONTINUED)

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

GROUP STRUCTURE



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

PORTFOLIO OF BUSINESSES

ACTIVITIES

BEVERAGES MANUFACTURING AND DISTRIBUTION

LAGER BEER BUSINESS

Brewing lager beer, 2 Breweries
Castle Lager, Castle Lite, Golden Pilsener, Lion Lager,
Carling Black Label, Zambezi Lager, Bohlinger's Lager, Eagle Lager
IMPORTED BRANDS: Castle 1895 Draught, Castle Milk Stout,
Carling Blue Label, Redds, Flying Fish

TRADITIONAL BEER BUSINESS

Brewing sorghum beer,9 Breweries
Chibuku, Chibuku Super and Thabani

SPARKLING BEVERAGES BUSINESS

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

TRANSPORT AND DISTRIBUTION BUSINESS

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

ALTERNATIVE BEVERAGES

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

AGRO INDUSTRIAL

KWEKWE MALTINGS

Barley and Sorghum malting, 2 Malting Plants

SCHWEPPES HOLDINGS ZIMBABWE 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 (2 operational), 2 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)

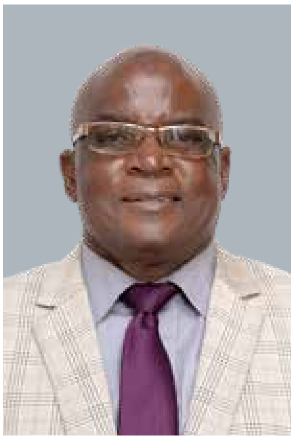
NON-EXECUTIVE DIRECTORS

R Tadeu Soares	LLB; LLM
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
Prof H C Sadza	B.Sc; MA; Phd; MIPMZ; Mzim
T N Sibanda	B Acc; CA(Z) *

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

GROUP MANAGEMENT	COMMITTEE	
P Gowero	BSc Econ (Hons); MBL * ¤	Chief Executive Officer
M M Valela	B Tech (Accounts) ; CA(Z)	Executive Director - Finance
E R Mpisaunga	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)	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
R Palale	ZICA, MBA	Managing Director - National Breweries PLC - Zambia
T Rinomhota	BSc Eng, MBA	General Manager - Sorghum Beer

DIRECTORATE



CANAAN FARIRAI DUBE

PEARSON GOWERO

SIMON JAMES HAMMOND

CHARITY CHIRATIDZO JINYA

JONATHAN ANDREW KIRBY

TODD MOYO

LUKE EDWARD MATHEW NGWERUME

HOPE CYNTHIA SADZA

THEMBINKOSI SIBANDA

MATLHOGONOLO MOTHIBEDI VALELA

ANDREW MURRAY

RICARDO TADEU ALMEIDA CABRAL DE SOARES

DIRECTORATE

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. Canaan 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.

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.

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 the outgoing President of the Bankers Association of Zimbabwe.
Dr Jinya has had a long career in banking, having also served as managing director and executive director of leading listed banks in Zimbabwe and Uganda. She was recently crowned as the Director of the Year 2015 awarded by the Institute of Directors, Zimbabwe. She is involved with various charities in the education and church sectors and youth mentorship programmes.

JONATHAN ANDREW KIRBY
(B.Acc; CA(SA)

Jon Kirby joined the board in August 2012. He 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. He is currently the Managing Director of Datlabs (Private) Limited. He sits on a number of boards and is currently non-executive chairman of National Foods and PPC Zimbabwe. Todd participates in a number of charitable trusts and committees in the education, medical services and civic arenas. He actively participates in the activities of professional associations such as the Institute of Chartered Accountants of Zimbabwe and industry bodies such as the Confederation of Zimbabwe Industries.

LUKE EDWARD MATHEW NGWERUME
(BA; MBA; IMS)

Luke Ngwerume joined the board in November 2007. He is the Chief Executive of ZimSelector.com and chairs Stiefel Investments Private Limited, an investment entity. He also sits on the boards of Cimas Medical Society, CABS, Old Mutual Nigeria and 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.

HOPE CYNTHIA SADZA
(BSc; MA; PhD; MIPMZ, Mzim)

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

THEMBINKOSI SIBANDA
(B.Acc Hons; CA(Z)

Themba Sibanda joined the board in April 1994. He is the Chairman of the Audit Committee and a member of the Nominations Committee. Themba has been a partner at Schmulian & Sibanda and has accumulated over 30 years' experience in compliance and audit services. He also sits on the boards of a number of listed entities in Zimbabwe such as Innscor Africa Limited, Edgars Stores Limited, Padenga Holdings Limited, Simbisa Brands and Pretoria Portland Cement Limited.

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

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

ANDREW MURRAY
(MBA Finance, BA (Maths & Economics)

Andrew Murray joined the Board in July 2017 as a representative of Anheuser-Busch In-Bev. He 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.

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

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

GROUP MANAGEMENT COMMITTEE

ETHERTON RUNYARADZO MPISAUNGA

MAXEN PHILLIP KAROMBO

ALEX MAKAMURE

MARSHALL PEMHIWA

DR MUNYARADZI GODFREY NYANDOROH

TICHAFA RINOMHOTA

CYNTHIA DINKA MALABA

MOSES GAMBIZA

DAVISON MANGE

RONNY PALALE

GROUP MANAGEMENT COMMITTEE

THE PROFILES OF THE CHIEF EXECUTIVE AND FINANCE DIRECTORS ARE INCLUDED UNDER BOARD OF DIRECTORS.

3. **ETHERTON RUNYARADZO MPISAUNGA – BSC (HONS)**
Operations Director – Beverages
Etherton Mpisaunga was appointed as Operations Director – Beverages in 2010. He 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.

4. **MAXEN PHILLIP 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. He 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. Maxen initially joined the Natbrew (Lager Beer Division) in 1997 in the marketing department. He is a non-Executive Director of CBZ Bank and Zimnat Life Assurance and Leonard Cheshire Disability Trust of Zimbabwe.

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

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

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

8. **TICHAFA RINOMHOTA – BSC ENG; MBA**
General Manager – Sorghum Beer Business
Tichafa Rinomhota was appointed the General Manager – Sorghum Beer in April 2017. He was recently the Group Technical Director 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. Tichafa has previously worked for a number of mining and construction companies.

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

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

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

12. **RONNY PALALE – (ZICA; FCCA; MBA)**
Managing Director, 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. He 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.

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN THAT THE 71ST 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 27 JULY 2018 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 2018, together with the Report of Directors and Auditors thereon.

2. **TO APPOINT DIRECTORS**
   Mr A S Murray will retire at the end of his interim appointment and offers himself for re-election. Prof H C Sadza and Messrs C F Dube, J A Kirby, S J Hammond, T Moyo and T N Sibanda are due to retire by rotation. All being eligible, they will offer themselves for re-election.

3. **DIRECTORS FEES**
   To approve the directors' fees for the financial year ended 31 March 2018.

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

SPECIAL BUSINESS

1. **SHARE APPRECIATION RIGHTS SCHEME - 2018**

   To Resolve with or without amendments:

   That the "Delta Corporation Limited Share Appreciation Rights Scheme - 2018" be and is hereby authorised for implementation and that the Directors can allocate up to 25 000 000 (Twenty five million) ordinary shares to this Scheme. The rules of the Scheme will be available for inspection at the registered office of the Company fourteen (14) days before the meeting.

2. **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
29 June 2018

SHAREHOLDERS ANALYSIS

SIZE OF SHAREHOLDING	NUMBER OF HOLDERS	%	ISSUED SHARES	%
1 to 5 000	**4,998**	79.11	4,231,864	0.34
5 001 to 10 000	**324**	5.13	2,286,506	0.18
10 001 to 25 000	**312**	4.94	4,931,944	0.39
25 001 to 50 000	**170**	2.69	6,072,587	0.48
50 001 to 100 000	**144**	2.28	10,378,854	0.83
100 001 to 500 000	**226**	3.58	52,228,868	4.15
Over 500 000	**144**	2.28	1,177,234,978	93.63
	6,318	**100.00**	**1,257,365,601**	**100.00**
CATEGORY				
Local Companies	**698**	11.0	111,462,308	8.9
Foreign Companies	**11**	0.2	504,766,727	40.1
Pension funds	**369**	5.8	144,380,449	11.5
Nominees, Local	**140**	2.2	18,779,850	1.5
Nominees, Foreign	**72**	1.1	290,226,410	23.1
Insurance Companies & Banks	**48**	0.8	154,936,850	12.3
Resident Individuals	**4,293**	67.9	25,595,127	2.0
Non Resident - Individuals	**217**	3.4	1,880,179	0.1
Investments & Trusts	**203**	3.2	3,217,964	0.3
Fund Managers	**35**	0.6	807,713	0.1
Deceased Estates	**83**	1.3	440,031	0.0
Other Organisations	**149**	2.4	871,993	0.1
	6,318	**100.0**	**1,257,365,601**	**100.0**

Included in the category of 'Over 500 000 shares' is Delta Employee Share Participation Trust Company Private Limited which holds 14 329 711 shares on behalf of 2 650 employees who participate in the scheme.

TOP TEN SHAREHOLDERS

SHAREHOLDER	2018	%	2017	%
Stanbic Nominees (Pvt) LTD NNR	**312,595,186**	24.9	269,055,501	21.6
SABMiller Zimbabwe BV (NNR)	**289,066,533**	23.0	281,951,325	22.7
Rainer Inc.	**193,137,519**	15.4	193,137,519	15.5
Old Mutual Life Assurance Co.	**144,431,115**	11.5	141,133,519	11.4
Standard Chartered Nominees - NNR	**45,575,527**	3.6	34,975,184	2.8
Old Mutual Zimbabwe Ltd	**36,451,050**	2.9	36,153,890	2.9
National Social Security Authority (NPS)	**23,185,731**	1.8	21,424,933	1.7
Browning Investments NV	**22,178,835**	1.8	22,178,835	1.8
Delta Corporation Limited	**16,534,406**	1.3	21,218,614	1.7
Delta Employees Share Participation Trust Co.	**14,329,711**	1.1	14,378,711	1.2
Other	**159,879,988**	12.7	207,843,018	16.7
	1,257,365,601	**100.0**	**1,243,451,049**	**100.0**

SHAREHOLDERS ANALYSIS (CONTINUED)

MAJOR SHAREHOLDERS	2018	%	2017	%
Old Mutual	**180,882,165**	14.39	177,287,409	14.26
AB InBev entities	**504,382,887**	40.1	497,267,679	40.0
	685,265,052	**54.5**	**674,555,088**	**54.2**
RESIDENT AND NON-RESIDENT SHAREHOLDERS				
Resident	**443,704,430**	35.3	442,212,272	35.6
Non-Resident	**813,661,171**	64.7	801,238,777	64.4
	1,257,365,601	**100.0**	**1,243,451,049**	**100.0**

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

SHARE PRICE INFORMATION

MID RANGE PRICE (US CENTS) AT:

30 June 2017	127,0
30 September 2017	275,25
31 December 2017	160,0
31 March 2018	158,75

PRICE RANGE:

Highest: 14 November 2017	321,25
Lowest: 07 April 2017	86,0

CALENDAR

71st Annual General Meeting	27 July 2018
Financial Year End	31 March 2019

INTERIM REPORTS:	ANTICIPATED DATES:
6 months to 30 September 2018	November 2018
12 months to 31 March 2019 and	
Final dividend declaration	May 2019
Dividend Payment Date – final	June 2019
Annual Report Published	July 2018

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Telephone: 263 4 751559/61
E-mail: corpserve@corpserve.co.zw

NOTES

NOTES


ZAMBEZI
ZIMBABWE'S OWN LAGER
Alcohol may be hazardous to health if consumed to excess, the operation of machinery or driving after the consumption of alcohol is not advisable

CASTLE LAGER Coca-Cola Chibuku Super ZAMBEZI GOLDEN PILSENER SHUMBA MAHEU FLAVOURED MAIZE DRINK CARLING Black Label BEER