DELTA
The future is in our brands

UNAUDITED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 3O SEPTEMBER 2009.

SALIENT FEATURES

Headline Earnings Per Share
Earnings per share for the period – 0,83 cents

EBITDA
EBITDA for the period is $19 435 427

Operating Income
Operating income for the period is $14 936 866

Turnover
Turnover for the period is $142 510 185

Investment Activities
To maintain and expand operations – $14 774 383

NET BORROWINGS
Net borrowings – $413 523

STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 September 2009 Unaudited $
Turnover	142 510 185
Net revenue	15 047 720
Loss on impairment of discontinued operations	(110 854)
Operating income	14 936 866
Net Finance expense	(159 687)
Share of loss of associate	(115 199)
Profit before taxation	14 661 980
Taxation	(4 566 148)
Profit for the period from continuing operations	10 095 832
Share of loss for the period from discontinued operations	(617 053)
Total comprehensive income for the period	9 478 779
Profit for the period attributable to:	
Owners of the parent	9 294 577
Non-controlling interests	184 202
	9 478 779
Weighted average shares in issue (millions)	1 119,2
Earnings per share (cents)	
From continuing and discontinued operations	
Attributable earnings basis	0,83
Fully diluted basis	0,78
From continuing operations	
Attributable earnings basis	0,89
Fully diluted basis	0,83

STATEMENT OF FINANCIAL POSITION

	As At 30 September 2009 Unaudited $	As At 31 March 2009 Audited $
ASSETS		
Non-current assets		
Property, plant and equipment	110 953 460	110 975 313
Biological assets	–	5 928 556
Investments, loans and trademarks	5 819 095	5 526 743
	116 772 555	122 430 612
Current assets		
Inventories	57 843 511	42 720 561
Trade and other receivables	23 208 889	7 773 026
Short-term loans	–	22 462
Discontinued operations	4 000 000	–
Bank balances and cash	4 901 315	2 863 906
	89 953 715	53 379 955
Total Assets	206 726 270	175 810 567
EQUITY AND LIABILITIES		
Capital and Reserves		
Issued capital	29 363 806	17 227 369
Share option reserve	1 416 420	1 123 224
Retained earnings	96 243 296	86 614 610
Equity attributed to equity holders of the parent	127 023 522	104 965 203
Non-controlling interests	5 992 915	13 455 223
Shareholders' equity	133 016 437	118 420 426
Non-current liabilities		
Deferred taxation	32 409 023	37 262 539
	32 409 023	37 262 539
Current liabilities		
Short-term borrowings	5 314 838	472 280
Interest free liabilities	35 985 972	19 655 322
	41 300 810	20 127 602
Total Equity and liabilities	206 726 270	175 810 567
Net asset value per share (Cents)	11,35	9,82

STATEMENT OF CASH FLOWS

	6 months ended 30 September 2009 Unaudited $
Cash retained from operating activities	
Operating income	14 936 866
Depreciation	4 613 760
Other non-cash items	(1 266 478)
Increase in working capital	(17 803 596)
Cash generated from operating activities	480 552
Net financing expence	(159 687)
Taxation paid	(222 221)
Cash flow from operations	98 644
Cash utilised in investment activities	
Maintaining operations	(496 200)
Expanding operations	(14 278 183)
Increase in loans and investments	(265 844)
Net cash invested	(15 040 227)
Financing activities	
Increase in shareholder funding	12 136 437
Net cash used in financing activities	12 136 437
Net increase in cash and cash equivalents	(2 805 146)
Cash and cash equivalents at beginning of period	2 391 623
Cash and cash equivalents at end of period	(413 523)
Cash flow per share (Cents)	0,01

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	6 months ended 30 September 2009 Unaudited $
Total equity at the beginning of the period	118 420 426
Share capital issued of the parent	12 136 437
Recognition of share based payments	293 196
Earnings for the period	9 294 577
Earnings attributable to non controlling shareholders	184 202
Non-controlling interest in discontinued operations	(7 312 401)
Shareholders' equity at the end of the period	133 016 437
Attributable to:	
Owners of the parent	127 023 522
Non-controlling interests	5 992 915
	133 016 437

SUPPLEMENTARY INFORMATION

	6 months ended 30 September 2 009 Unaudited $
1. Depreciation of property, plant and equipment	4 613 760
2. Commitments for capital expenditure	
Authorised by directors but not contracted	21 733 000

The capital expenditure is to be financed out of the Company's own resources.

3. Currency of reporting
The financial statements reflect United States Dollars. This is the functional currency of the Group.

4. Comparative figures
In line with the guidance issued jointly by the Public Accountants and Auditors Board, the Zimbabwe Accounting Practices Board and the Zimbabwe Stock Exchange, the disclosure of comparative figures has been limited to the Statement of Financial Position as at 31 March 2009. Figures arising prior to that date were subject to distortion arising from multiple exchange rates and hyper-inflation and are misleading.

5. Disclosure of assets, liabilities and equity
All items in the Statement of Financial Position have been recorded based on originating US$ values or on a conversion to US$ as at 31 March 2009 using the market exchange rates applicable at the time of each originating transaction.

6. Accounting policies
Accounting policies are consistent with those used in the previous year.

Statement of Comprehensive Income.

In the period under review there are no items which would be required to be disclosed as 'Other Comprehensive Income'.

7. Discontinued operations
The Group has entered into negotiations for the sale of its stake in Ariston Holdings Limited. In keeping with the requirements of International Financial Reporting Standards the results of the company for the period and its net assets have been separately disclosed.

	$
Share of loss for the period from discontinued operations:	
Operating loss for the period	(948 068)
Amounts arising from bio-asset revaluations	(524 965)
Loss for the period	(1 473 033)
Attributable to non-controlling interests	(855 979)
Attributable to owners of the parent	(617 053)
Current asset in respect of discontinued operations:	
Property plant and equipment	9 282 273
Bio-assets	5 178 320
Net current assets	1 363 145
Short term liabilities	(509 920)
Deferred Tax	(4 634 795)
Current liabilities	(865 573)
Net Assets	9 813 450
Less: Attributable to non-controlling interests	(5 702 596)
Less: Impairment	(110 854)
Attributable to owners of the parent	4 000 000

COMMENTARY

Environment

In the six months to September 2009 the whole business environment has changed dramatically. After a decade of continuous economic decline, the economy has turned. This is as a result of the paradigm shift in economic policy which took place in February 2009; in particular the move to trading in more stable currencies and the removal of price controls and currency surrender requirements. By June the decline had halted and signs of growth were starting to appear – the 'green shoots' of recovery.

The response of the retail sector to the changes was predictably quick, but the manufacturing industry response has inevitably been slower. This was due to the backlog of capital expenditure and maintenance which had built up during the 'lost years' and to the need to rebuild a normalised inbound supply chain which removes costly middle-men and thus achieves competitive input costs.

For the Group this has been an exciting six months. After ten years of survival and falling volumes, demand is strong and revival and rebuilding are underway. It has been somewhat frustrating that production has not been able to meet the growing demand due to the long lead times for capital equipment and for machine spares. The focus for the period was on taking back market share that had been given up to imports at the end of 2008 and on undertaking maintenance to provide a more reliable production base. Market share has recovered significantly across all beverage categories.

Total beverages volumes have recovered strongly despite the production constraints being experienced in the early part of the period; they are 83% up on the equivalent period last year and are above those of the period to September 2007. Glass and plastic volumes have also risen above those of two years ago.

Acquisitions and Disposals

The Group is actively pursuing one acquisition and one disposal. Closure on both these transactions is imminent.

Financial Reporting

The financial information is presented in United States Dollars; this is the functional currency of the country. With the exception of the Statement of Financial Position there are no comparative figures disclosed. This is because it is not possible to meaningfully translate into United States Dollars prior figures which were recorded in hyperinflation ravaged Zimbabwe Dollars. Accordingly, as any such translation would be misleading, such figures have not been disclosed. The lack of disclosure of comparative figures is not in compliance with International Financial Reporting Standards.

Financial Information

Historically the results for the first half of the financial year are typically subdued as this is the winter period of reduced sales and increased maintenance. Operating income from continuing operations amounted to $14,9 million. For the period under review operating margins were constrained by the dilutive impact of imported products used as a stop-gap measure to boost supplies to the market and the strategy of moving to competitive product pricing ahead of price corrections in the inbound supply chain.

Attributable profit for the period takes into account two unusual amounts relating to Ariston: a write down of the investment by $110 000 and a loss of $219 000 in respect of the Group share of the write down of biological assets.

In respect of cashflow, net working capital grew by $17,8 million as stocks start to be built up ahead of the festive season and trade receivables again become a feature of Zimbabwe trading. Of the $14,8 million capital expenditure, $12,0 million in respect of the new bottling line was funded from shares issued. At September the Group was in a net borrowed position of just under $500 000.

Dividend

The directors are of the opinion that it is not appropriate to declare a dividend for the period just ended.

Directors

It is with deep sadness that I note the untimely death in October of Eric Kahari. Eric first joined the board in August 1997 and at the time of his passing was the Deputy Chairman of the Board. His wise counsel and positive contribution will be greatly missed.

Prospects

The economy is expected to steadily grow at single digit annual rates and with this will come increased demand for consumer goods and more intense competition for that spending power. Cross border competition will remain a major threat to manufacturers in Zimbabwe and this must be faced head-on as protectionism is not in the longer term interests of the country.

Lager production has received a boost of around 50% of existing packaging capacity from the installation of a 42 000 bottle per hour lager bottling line at the brewery in Harare. By the end of October the line was operating at close to rated speeds, was contributing significant volumes and was close to final commissioning. In addition, the mothballed Zvishavane traditional beer brewery has been brought back on stream with effect from 1 November and the Chibuku Shake-Shake was re-launched in October in the improved one litre one-way pack. Market reception has been excellent.

The business focus in the short term will be on retaining market share, fully supplying the market, recapitalising operations and clearing the maintenance backlog so as to increase production efficiencies and thus net margin.

For and on behalf of the Board

Dr R M MUPAWOSE
Chairman — 6 November 2009

DELTA CORPORATION LIMITED

Directors: Dr R M Mupawose (Chairman), J S Mutizwa (Chief Executive), M J Bowman, C F Dube, S J Hammond, K Mandevhani, R H M Maunsell, E R Mpisaunga, Dr M S Mushiri, L E M Ngwerume, Prof H C Sadza, T N Sibanda, G J van den Houten.

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UFM-P95934