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The executive committee operated at full capacity during the past year with the appointment of Mrs Sarah Shikongo as representative for the central region. Mrs Sieglinde Zensi is the representative for the northern region and Mr Hannes Nieuwoudt is the chairman and representative for the southern region.

During the year under review an atmosphere of uncertainty was observed within Agra. Continued stock losses, bad debts and a weak agricultural trade, created a negative projection for the rest of the year. It was however, encouraging to notice an improvement at the end of the financial year.

Agra celebrated its 25th year of existence during the year. Over the years many adjustments and changes were made. There were expansions and diversifications but also withdrawal in cases of non performance. The result of this is that Agra still exists for the Namibian agriculturist, despite a struggling agricultural economy.

The trade division showed a noticeable increase in net profit for the year under review. This was mainly as a result of intensive focus on stock levels and stock control. Capital spending by agriculturists was disappointing after a good raining season and sales of feed and lick were also below average.

Agra's performance in the field of agronomy was not satisfactory. Aspects which made it difficult were the relatively high demand for credit from agronomists, and the temporarily entries of agents to the agronomy market, supplying production inputs at lower prices. It also seems as if Agra has to stand last in line when it comes to the payment of debts after good harvests. The appointment of an agronomy specialist was a step in the right direction to expand on service delivery and to gain market share.

The performance of the livestock division was better than anticipated because of the increase in the handling of cattle numbers as well as better prices for goats and karakul pelts. Agra does not have access to all small stock abattoirs. The feedlot for small stock did not perform well for the year under review because of lambs being marketed directly from good grazing. The total turnover of livestock of almost N\$450 million confirms the major role of Agra in this industry.

The internal audit function is once again mainly managed by Agra internally. The ongoing control and fast reaction time had a good result. When internal audit reports are regarded as an important aid by everybody and acted upon with the necessary urgency, losses will be kept to a minimum.

Die Toesighoudende Komitee was die afgelope jaar weer voltallig met die aanstelling van mev Sarah Shikongo as verteenwoordiger vir die sentrale streek. Mev. Sieglinde Zensi is die verteenwoordiger vir die noordelike streek, terwyl mnr Hannes Nieuwoudt as voorsitter en verteenwoordiger vir die suidelike streek diens doen.

Gedurende die jaar onder oorsig is 'n onrustigheid en 'n negatiewe aanvoelbare gees binne Agra bespeur. Voortgesette voorraadverliese, slegte skulde en 'n swak landbou handel het 'n negatiewe projeksie vir die res van die jaar uitgestraal. Dit was egter verblydend om 'n verbetering aan die einde van die finansiële jaar op te merk.

Agra het vanjaar sy 25ste bestaansjaar herdenk. Oor die jare is daar verskeie aanpassings en veranderings gemaak. Daar was uitbreidings en diversifikasie, maar ook onttrekking waar daar nie presteer is nie. Die resultaat hiervan is dat Agra nog steeds daar is vir die Namibiese landbouer, ten spyte van 'n sukkelende landbou – ekonomie.

Die handelsafdeling het vir die jaar onder oorsig 'n merkbare groei getoon in netto wins. Dit was hoofsaaklik te danke aan intense aandag aan voorraadvlakke en voorraadbeheer. Kapitaalspandering deur landbouers na 'n goeie reënseisoen was teleurstellend en die verkope van voer en lek was ook ondergemiddeld.

Agra se prestasie op akkerbougebied was nie na wense nie. Aspekte wat dit bemoeilik is die relatiewe hoë kredietbehoefte van akkerbouers en die toetreding van tydelike agente tot die akkerbouemark wat produksie insette teen laer pryse kan lewer. Dit wil voorkom asof Agra agter in die ry staan vir die vereffening van skulde nadat goeie oeste behaal word. Die aanstelling van 'n akkerboukundige was 'n stap in die regte rigting om dienslewering aan akkerbouers uit te brei en markaandeel te wen.

Die lewendehawe afdeling het bo verwagting presteer met meer beeste wat hanteer is en goeie pryse wat behaal is vir bokke en Karakoel pelse. Agra het egter nie toegang tot alle kleinvee-abattoirs nie. Die kleinvee voerkraal het nie goed presteer vir die jaar onder oorsig nie omrede lammers meestal direk vanaf goeie weiding bemark is. Die totale omset van lewende hawe van bykans N\$450 miljoen bevestig Agra se groot rol op hierdie gebied.

Die interne oudit funksie word nou weer grootliks deur Agra self hanteer. Die deurlopende kontrole en reaksietyd het 'n beter resultaat tot gevolg gehad. Wanneer interne ouditverslae deur almal as 'n noodsaaklike bestuurshulpmiddel gesien word en met die nodige dringendheid hanteer word, sal verliese tot die minimum beperk kan word.

The commitment and loyalty of personnel are generally speaking on a higher level than the previous year. It is encouraging to find a senior member of personnel at a cash register at the branch on a Friday afternoon. This illustrates commitment but also provides exposure to situations on ground level, for which seniors sometimes lack understanding. I would like to thank management and staff for their dedication.

The commitment and loyalty of members towards Agra has improved at certain branches. It will be a wonderful day for Agra when the potential support of its members is optimised. The board of directors, management and staff can play a mayor role in realising this goal. It remains the fundamental decision of an individual member to realise the economic co-operation with co-members.

During the year the board operated with a vacancy for the southern region and efforts co-opting a director were unsuccessful. It creates the impression that many members of the south, a region in which Agra closed six branches and an agency since incorporation, have become indifferent towards Agra.

The term of the current chairman of the board, Mr James Chapman, expires according to the law and he will retire. Without any doubt, this will leave a huge gap in the board because of the loss of many years of experience and knowledge. On behalf of the supervisory committee, I would like to thank and express my gratitude towards James, his spouse and family, for all the years of service to Agra. I would like to thank the board for their dedication. All the best for the road ahead.



J. NIEUWOUDT
VOORSITTER: TOESIGHOUDEnde KOMITEE
CHAIRMAN: SUPERVISORY COMMITTEE

Die verbondenheid en lojaliteit van personeel is oor die algemeen op 'n hoër vlak as die vorige jaar. Dit is uiters bemoedigend om 'n senior personeellid op 'n Vrydagmiddag agter 'n kasregister by 'n tak te vind. Dit illustreer verbondenheid maar dit verskaf ook blootstelling aan situasies op grondvlak waarvoor daar soms nie begrip is by seniors nie. Ek wil die bestuur en die personeel bedank vir hul toewyding.

Die verbondenheid en lojaliteit van lede teenoor Agra het by sommige takke ook verbeter. Dit sal 'n wonderlike dag wees as die potensiële ondersteuning van Agra lede tot sy volle reg kom. Die direksie, bestuur en personeel kan wel 'n groot rol speel om hierdie ideaal te verwesentlik. Dit is fundamenteel die individuele lid wat 'n wilsbesluit moet neem om ekonomiese samewerking met mede-lede 'n realiteit te maak.

Die direksie het vir die jaar onder oorsig gefunksioneer met 'n vakature in die suidelike streek en pogings om iemand te koöpteer was nie suksesvol nie. Dit laat die indruk dat baie lede in die suide, waar daar al ses takke en 'n agentskap gesluit is sedert Agra se stigting, apaties begin staan teenoor Agra.

Die huidige voorsitter van die direksie, mnr. James Chapman, se termyn is volgens wet verstreke en hy tree uit. Dit sal ongetwyfeld 'n groot leemte laat in die direksie as gevolg van soveel jare se ervaring en kundigheid wat ontbeer moet word. Namens die Toesighoudende Komitee wil ek graag my dank en waardering uitspreek teenoor James, sy eggenote en sy gesin vir al die jare se diens wat hy aan Agra gelewer het. Ek wil ook die direksie bedank vir hul toewyding. Sterkte vir die pad vorentoe.

Despite circumstances of non-optimum farming, the year under review delivered a good profit. Thank you to everyone, members and staff, who made it possible.

Agra disposed of a few of the smaller non-profitable branches at year end, which will have a substantial impact on the profitability of the business in the future. The reasons for the above mentioned action was communicated to you, and is the result of circumstances which changed a lot over the years in the rural areas. It obviously created opportunities for individuals who accepted the challenge to proceed with these businesses.

Cattle prices were stronger during the past year, a welcome windfall for members of Agra at this stage. We believe that grazing fields will recover to a reasonable extent during the coming raining season.

On a broader spectrum we see more pressure on commercial livestock farming, especially cattle farming. Opportunities for scale benefits are limited. Diversification become more important and management ingenuity a requirement. Part-time farmers and pensioners will probably make out a growing percentage of commercial farmers of the future, unless farmers come up with new ideas and initiatives. Each opportunity to make an economical living and to create new job opportunities should be investigated and where possible be implemented.

Perhaps the most important lesson to us all is that real security is not vested in farming land or other possessions. Our purpose was, and is, and will be for the future to make an unselfish contribution wherever we are.

Personally it is the end of a period of involvement with Agra. Thank you to everyone who supported me in whichever way. May Agra, a result of a combined effort, be part of us for many more years.



**JW CHAPMAN
CHAIRMAN / VOORSITTER**

Die jaar onder oorsig het teen die agtergrond van nie-optimale boerdery omstandighede, 'n goeie wins opgelewer. Baie dankie aan elkeen, lede en personeel, wat dit moontlik gemaak het.

Agra het teen jaareinde nog 'n paar kleiner en nie-winsgewende takke vervreem, wat in effek 'n redelike impak op die winsgewendheid van die besigheid in die toekoms sal hê. Die redes vir bogenoemde aksies was aan u gekommunikeer, en was hoofsaaklik die resultaat van omstandighede wat baie verander het op die platteland in die afgelope jare. Klaarblyklik skep dit geleenthede vir individue wat die uitdagings aanvaar het om hierdie besighede voort te sit.

Beespryse het stewiger vertoon in die afgelope jaar, 'n welkome meevaller vir lede van Agra op hierdie tydstip. Ons glo dat die komende reënseisoen weidings in 'n redelike mate sal laat herstel.

Breër gesien kom kommersiële lewende hawe boerdery, veral met beeste, al hoe meer onder druk. Moontlikhede vir skaalvoordele is uiters beperk. Diversifikasie raak al meer noodsaaklik terwyl goeie bestuursvernuf 'n vereiste is. Deeltydse boere en pensioenarisse is waarskynlik die groterwordende persentasie van kommersiële boere van die toekoms, tensy boere met nuwe planne en inisiatiewe vorendag kom. Elke geleentheid om 'n ekonomiese bestaan daaruit te maak en nuwe werksgeleenthede te kan skep, sal ondersoek en waar moontlik benut moet word.

Miskien is die mees belangrike les vir ons almal dat werklike sekuriteit nie in plaasgrond of ander besittings lê nie. Ons doel was, en is, en sal vir die toekoms steeds wees, om 'n onselfsugtige bydrae te lewer, waar ons ookal gesetel is.

Vir my is dit persoonlik die einde van 'n tydvak van betrokkenheid by Agra. Baie dankie aan elkeen wat my op een of ander wyse ondersteun het. Mag Agra, die resultaat van 'n gesamentlike poging, nog lank deel van ons wees.

OVERVIEW

The year under review was characterized by two very different half year periods.

During the first six months of our financial year:

RETAIL

- Sales were 6% lower than the previous year
- Gross profit was 10% lower, with costs 2% higher
- Net profit was 64% lower than last year

LIVESTOCK

- Turnover was 9% above the previous year, and
- Costs were 3% lower.

Agra's overall operational result reflected a deficit as at 31 January 2005. Various actions were launched as from December 2004, the trend was reversed and as a result Agra's situation improved substantially.

These actions included:

- Improved working capital management (Agra's negative bank balance was reduced by N\$2,7 million and the inventory on hand by N\$14 million).
- Improved procedures regarding stock and debtors control, cash handling and general cost controls.
- Sale and phasing out of certain non-profitable branches.
- Improved gross margin management.

We are very glad to be able to report that the general trend in Agra's core business has been positive for the last eight months ending September 2005. This has, in addition to our own actions, resulted in the co-operative being able to report an operating profit before tax of N\$4,7 million (2004: N\$0,6 million) and N\$4,8 million (2004: N\$1,2 million) for the group for the year ended 31 July 2005.

OORSIG

Die jaar onder oorsig was gekenmerk deur twee baie verskillende halfjaar periodes.

Gedurende die eerste ses maande van ons finansiële jaar:

HANDEL

- Verkope was 6% laer as die vorige jaar
- Bruto wins was 10% laer en koste 2% hoër
- Netto wins was 64% laer as verlede jaar

LEWENDEHAWE

- Omset was 9% hoër as die vorige jaar, en
- Koste was 3% laer.

Die algehele operasionele resultaat van Agra het 'n tekort getoon op 31 Januarie 2005. Verskeie aksies is in werking gestel vanaf Desember 2004 wat die tendens omgekeer het en tot gevolg gehad het dat die situasie van Agra baie verbeter het.

Hierdie aksies sluit in:

- Verbeterde bedryfskapitaal bestuur (Agra se negatiewe bankbalans is vermindert met N\$2,7 miljoen en voorraad ophande met N\$14 miljoen).
- Verbeterde prosedures t. o. v. voorraad- en debiteure kontrole, kontanthering en algemene uitgawe beheer.
- Verkoop en uitfasering van sekere nie-winsgewende takke.
- Verbeterde bruto marge bestuur.

Dit is vir ons aangenaam om te rapporteer dat die algemende tendens in die kern besigheid van Agra positief was oor die laaste agt maande tot September 2005. Dit het, addisioneel tot ons eie aksies, tot gevolg gehad dat ons 'n bedryfswins voor belasting van N\$4,7 miljoen (2004: N\$0,6 miljoen) kan rapporteer vir die koöperasie en N\$4,8 miljoen (2004: N\$1,2 miljoen) vir die groep vir die jaar geëindig 31 Julie 2005.

1. LIVESTOCK

1.1 Livestock

Gross value of livestock transactions for the year under review (excluding karakul pelts and wool) amounted to N\$432 million compared to N\$374 million in 2004. This represents an increase of 16%.

This increase in turnover is attributable to two factors:

- a) Increase in the number of heads of cattle marketed during the year:

			% change		% change	
	2005	2004	05/04	2003	2002	03/02
Cattle	162,076	139,415	16	139,870	148,615	(0,3)
Sheep	175,612	220,889	(26)	264,191	312,074	(16)
Goats	115,849	116,287	-	114,341	127,398	2
	453,537	476,591		518,402	588,087	(8)

- b) Actual N\$ value achieved per animal marketed:

	2005		2004		% change	
	N\$	N\$	05/04	N\$	04/03	
Cattle	2,011	1,895	6	2,132	(11)	
Sheep	342	294	16	297	(1)	
Goats	345	271	27	231	17	

Net turnover achieved in this category amounted to N\$20,1 million compared to N\$17,5 million in 2004, an increase of 15%. Costs decreased to 4,29% of turnover in 2005 compared to 4,56% in 2004.

1.2 Karakul

Pelt quantities sold at the two auctions in Copenhagen during September 2004 and April 2005 amounted to 97,748 pelts which reflects a decrease of 23,8% compared to 128,284 pelts sold during the year ending July 2004. Unit prices per pelt however increased from an average of N\$139.27 in the previous financial period to N\$206.06 in 2005, an increase of 48%.

1. LEWENDEHAWE

1.1 Lewendehawe

Die bruto waarde van lewendehawe transaksies vir die jaar onder oorsig (uitgesluit karakoelpelse en wol) het N\$432 miljoen beloop in vergelyking met N\$374 miljoen in 2004. Dit verteenwoordig 'n verhoging van 16%.

Die verhoging in omset kan toegeskryf word aan twee faktore:

- a) 'n Verhoging in die aantal diere wat gedurende die jaar bemark is:

			% verskil		% verskil	
	2005	2004	05/04	2003	2002	03/02
Beeste	162,076	139,415	16	139,870	148,615	(0,3)
Skape	175,612	220,889	(26)	264,191	312,074	(16)
Bokke	115,849	116,287	-	114,341	127,398	2
	453,537	476,591		518,402	588,087	(8)

- b) Die werklike N\$ waarde per kop behaal:

	2005		2004		% verskil	
	N\$	N\$	05/04	N\$	04/03	
Beeste	2,011	1,895	6	2,132	(11)	
Skape	342	294	16	297	(1)	
Bokke	345	271	27	231	17	

Netto omset behaal in hierdie kategorie beloop N\$20,1 miljoen teenoor N\$17,5 miljoen in 2004, 'n verhoging van 15%. Koste het verlaag tot 4,29% van omset in 2005 vergeleke met 4,56% in 2004.

1.2 Karakoel

By die twee veilings wat in Copenhagen gedurende September 2004 en April 2005 gehou is, is 97,748 pelse verkoop wat 'n daling is van 23,8% in die getal pelse in vergelyking met die 128,284 wat gedurende die jaar geëindig Julie 2004 verkoop was. Die pels pryse het verhoog van 'n gemiddeld van N\$139.27 in die vorige finansiële jaar tot N\$206.06 vir die jaar onder oorsig, 'n verhoging van 48%.

1.3 Overall livestock division

We are proud to report a net surplus of N\$4,7 million before head office charges in this division compared to N\$2,9 million in 2004.

2. RETAIL/WHOLESALE DIVISION

Total retail division turnover amounted to N\$304 million for the current year, compared to N\$328 million in 2004. This decrease in turnover is a result of the transfer of Agra's wholesale division into a separate company: Auas Wholesalers (Pty) Ltd. Comparing only branches, turnover remained static at N\$280 million for 2005 compared to N\$282 million in 2004.

Growth in turnover was experienced in the following categories:

Groceries	2%
Animal health	11%
Fencing & wire products	11%
Fuel	9%

Turnover decreased in the following categories:

Building materials	12%
Agronomy	28%
Feeds and licks	21%

Competition in the market place remained fierce for most of the products sold by Agra. Gross margins improved slightly from 11,9% in 2004 to 12,3% in 2005. The target is 14%. Stock losses (theft, fraud and write-offs) continued to be a major cost item: N\$4,1 million in 2004 and N\$3,8 million in 2005. This represents 1,36% of turnover, while our target is set at 0,4% of turnover.

We are confident that costs can be contained in the year ahead and that turnover targets as outlined in our operational budget will be achieved.

The retail division of Agra reported a surplus of N\$2,1 million before head office charges for 2005 compared to N\$1,2 million in 2004.

1.3 Algehele lewende hawe afdeling

Ons is baie trots om 'n netto wins van N\$4,7 miljoen, voor hoofkantoor kostes, in hierdie afdeling te rapporteer, vergeleke met N\$2,9 miljoen in 2004.

2. HANDEL/GROOTHANDEL AFDELING

Die totale omset van handel/groothandel afdeling was N\$304 miljoen vir die huidige jaar teenoor N\$328 miljoen in 2004. Die rede vir die daling in omset is as gevolg van die oorpasing van die groothandel afdeling vanaf Agra na 'n afsonderlike maatskappy: Auas Wholesalers (Edms) Bpk. Indien takke alleenlik vergelyk word het die omset staties gebly op N\$280 miljoen in 2005 teenoor N\$282 miljoen in 2004.

Groei in omset is ondervind in die volgende kategorieë:

Kruideniersware	2%
Dieregesondheid	11%
Omheining en draadprodukte	11%
Brandstof	9%

Omset het gedaal in die volgende kategorieë:

Boumateriaal	12%
Akkerbou	28%
Voer en lek	21%

Kompetisie in die mark was straf vir die meeste van die produkte wat deur Agra verkoop word. Bruto marges het effens verbeter vanaf 11,9% in 2004 na 12,3% in 2005. Die teiken is 14%. Voortdurende voorraadtekorte (diefstal, bedrog en afskrywings) was weer eens 'n groot koste item: N\$4,1 miljoen in 2004 en N\$3,8 miljoen in 2005. Dit verteenwoordig 1,36% van omset terwyl ons teiken gestel is op 0,4% van omset.

Ons is oortuig dat koste beperk kan word in die jaar wat voorlê en dat die omset teikens behaal kan word soos uiteengesit in die operasionele begroting.

Die handelsafdeling van Agra rapporteer 'n netto wins van N\$2,1 miljoen, voor hoofkantoor kostes, in 2005 teenoor N\$1,2 miljoen in 2004.

3. WHOLESALE DIVISION

This division comprised the Agra Distribution Centre and Auas Vet Med for the year under review. Turnover decreased from N\$37 million to N\$15 million due to the transfer of the Agra Distribution Centre into a company: Auas Wholesalers (Pty) Ltd. We are pleased to report a net surplus for this division of N\$339,000 before head-office charges for 2005.

4. SAFARI DEN

Turnover increased by 41% while costs increased by 8% compared to last year, with a net surplus of N\$614,000 before head office charges compared to N\$303,000 in 2004. This division is now showing a net surplus to sales ratio of 4,7% – a really commendable achievement.

5. PROPERTIES

Rent received increased by 9% compared to last year from N\$10,6 million to N\$11,6 million. Cost increased by 10%. Building renovations and repair costs increased by 43% which resulted in a net decrease in the net surplus before head office charges from N\$6,2 million in 2004 to N\$5,4 million in 2005.

6. SUBSIDIARIES AND OTHER INVESTMENTS

6.1 Wire Industries (Pty) Ltd

Agra holds 45% of the shares in Wire Industries and received a dividend of N\$202,500 during the year under review.

6.2 Star Plastics (Pty) Ltd

The operations of this company have been taken over by Wire Industries. Star Plastics will become a dormant company as from 1 August 2005. Its losses have been fully provided for in Agra's books.

3. GROOTHANDEL

Die afdeling bestaan uit Agra Distribusiesentrum en Auas Vet Med vir die jaar onder oorsig. Omset het gedaal vanaf N\$37 miljoen na N\$15 miljoen as gevolg van die oorpasing van die distribusiesentrum na 'n maatskapy: Auas Wholesalers (Edms) Bpk. Dit is vir ons aangenaam om 'n netto surplus van N\$339,000 – voor hoofkantoor kostes – vir hierdie afdeling te rapporteer vir 2005.

4. SAFARI DEN

Omset het met 41% verhoog, terwyl koste met 8% verhoog het teenoor die vorige jaar, met 'n netto surplus van N\$614,000, voor hoofkantoor kostes, teenoor N\$303,000 in 2004. Hierdie afdeling toon 'n netto wins tot omset verhouding van 4,7% – 'n merkwaardige prestasie.

5. EIENDOMME

Huurinkomste het verhoog met 9% in vergelyking met verlede jaar, vanaf N\$10,6 miljoen tot N\$11,6 miljoen. Kostes het verhoog met 10%. Kostes van herstelwerk en verbeterings aan geboue het verhoog met 43% wat tot gevolg gehad het dat die netto surplus, voor hoofkantoor kostes, gedaal het vanaf N\$6,2 miljoen in 2004 tot N\$5,4 miljoen in 2005.

6. FILIALE EN ANDER BELEGGINGS

6.1 Wire Industries (Edms) Bpk

Agra besit 45% van die aandele in Wire Industries. 'n Dividend van N\$202,500 is vir die jaar onder oorsig ontvang.

6.2 Star Plastics (Edms) Bpk

Die werksaamhede van hierdie maatskapy is oorgeneem deur Wire Industries. Star Plastics sal 'n dormante maatskapy wees vanaf 1 Augustus 2005. Verliese is ten volle voorsien in die boeke van Agra.

6.3 Ondangwa Service Station

This company, in which Agra holds 70% of the issued share capital, increased turnover from N\$18 million to N\$20,4 million (13%). Expenses increased by 35% mainly due to increased municipal charges and management fees. Dividend receivable amounts to N\$91,000.

6.4 Lumley Agra Farmers Insurance Brokers

This company, in which Agra has 50% shareholding, again performed exceptionally well, increasing its net profit by 12%. Management fees received by Agra amounted to N\$595,000 for the year.

6.5 Consolidated Sugar Industries

This company, in which Agra has a 24,5% shareholding, is not performing to expectation. Various accounting problems have been reported and audited financial statements for the year ended 31 March 2005 have not been issued to date.

6.6 Farmers Meat Market Holdings (FMMH)

At 31 July 2005 Agra held 14% of the share capital in this company. FMMH reported a net profit (after tax) of N\$1,2 million for the year ended 30 April 2005. No dividends have been declared.

Although the small livestock scheme was implemented during this year, the throughput at the Farmers Meat Market abattoirs was still not satisfactory. It varied between 65% – 80% of the abattoir's capacity. The same situation was experienced by the other three abattoirs in Windhoek, Aranos and Keetmanshoop. Currently, it is still possible for producers to export live sheep to South Africa on the basis of one animal for export for every two slaughtered in Namibia.

On 18 August 2005 FMMH concluded a merger with Hartliefs Continental Meat Products (Pty) Ltd to form a new company called Farmers Hartliefs Consolidated Meats Limited. The merger enables both partners to focus on their respective specialist fields, and should generate cost savings and various marketing and distribution synergies. Agra's shareholding has been reduced to 8% in the new company.

We are hopeful that all projections and improved profit objectives will be achieved.

6.3 Ondangwa Service Station

Hierdie maatskappy, waarin Agra 70% van die uitgereikte aandele besit, het 'n groei in omset getoon vanaf N\$18 miljoen na N\$20,4 miljoen (13%). Uitgawes het verhoog met 35% hoofsaaklik as gevolg van 'n verhoging in munisipale kostes en bestuursfooe. Dividende ontvangbaar was N\$91,000.

6.4 Lumley Agra Farmers Insurance Brokers

Hierdie maatskappy, waarin Agra 50% aandeelhouding besit, het weereens buitengewoon goed vertoon, deur die netto wins met 12% te verhoog. Bestuursfooe ontvang deur Agra het N\$595,000 vir die jaar beloop.

6.5 Consolidated Sugar Industries

Hierdie maatskappy, waarin Agra 24,5% aandeelhouding besit, presteer nie na wense nie. Verskeie rekeningkundige probleme is gerapporteer en die geouditeerde finansiële state vir die jaar geëindig 31 Maart 2005 is tot op datum nog nie uitgereik nie.

6.6 Farmers Meat Market Holdings (FMMH)

Op 31 Julie 2005 het Agra 14% van die uitgereikte aandeelkapitaal van hierdie maatskappy gehou. FMMH het 'n netto wins (na belasting) van N\$1,2 miljoen gerapporteer vir die jaar geëindig 30 April 2005. Geen dividende is verklaar nie.

Alhoewel die kleinveeskema gedurende die jaar geïmplementeer was, was die deurstel by die Farmers Meat Market slagpale nie na wense nie. Dit het gewissel tussen 65% en 80% van die kapasiteit van die slagpale. Dieselfde situasie is ondervind by die ander drie slagpales in Windhoek, Aranos en Keetmanshoop. Dit is huidiglik nog steeds moontlik vir produsente om lewendige skape uit te voer na Suid Afrika op 'n basis van, een dier vir uitvoer, vir elke twee wat in die land geslag word.

FMMH het op 18 Augustus 2005 'n samesmelting met Hartliefs Continental Meat Products (Edms) Bpk afgehandel, om 'n nuwe maatskappy te vorm met die naam, Farmers Hartliefs Consolidated Meats Limited. Hierdie samesmelting stel beide vennote in staat om te fokus op hulle onderskeie spesialisvelde, en behoort kostebesparings en verskeie bemarkings- en verspreidingsinergieë te bewerkstellig. Die aandeelhouding van Agra is verminder na 8% in die nuwe maatskappy.

Ons vertrou dat die vooruitskattings en verbeterde winsdoelwitte bereik sal word.

7. FINANCIAL RESULTS

The Agra group achieved a profit before tax of N\$4,8 million (2004: N\$1,2 million) and the co-operative N\$4,7 million (2004: N\$0,6 million). The board of directors decided not to allocate any bonus to members for the year under review.

Gross profits increased by 4% for the group and by 1,2% for the co-operative to N\$74 million and N\$67 million respectively.

7.1 Other income

Other income increased by:

7.1.1 7% for the group; and

7.1.2 17% for the co-operative as a result of higher management fees received (N\$828,000) and more interest received on debtors and loans (N\$678,000).

7.2 Expenses

Total expenses increased by 1,2% for the group and decreased by 1,01% for the co-operative. Major cost categories of the co-operative performed as follows compared to the preceding year:

7.2.1 Stock costs

The incidence of theft and stock losses continued to negatively affect the financial result. Although more controls and systems have been implemented, it has become very difficult to contain this cost item to acceptable levels. Current stock shortages amount to N\$3,8 million compared to N\$4,1 million in 2004. It is the objective of management to reduce this figure to N\$1,5 million in the ensuing year.

7.2.2 Marketing costs

Increased by 6% overall, due to advertising costs increasing by 33%, livestock agents commission by 7% and sponsorships by 53%.

7.2.3 Building costs

Increased by 16% compared to last year as a result of normal rental increases, municipal costs and an increase of 32% in renovations, repairs and maintenance to branch infrastructure.

7. FINANSIËLE RESULTATE

Die Agra groep het 'n wins voor belasting van N\$4,8 miljoen (2004:N\$1,2 miljoen) behaal en die koöperasie N\$4,7 miljoen (2004:N\$0,6 miljoen). Die direksie het besluit om nie 'n bonus aan lede vir die jaar onder oorsig toe te deel nie.

Bruto winste het verhoog met 4% vir die groep en met 1,2% vir die koöperasie tot N\$74 miljoen and N\$67 miljoen onderskeidelik.

7.1 Ander inkomste

Ander inkomste het verhoog met:

7.1.1 7% vir die groep; en

7.1.2 17% vir die koöperasie as gevolg van hoër bestuursfooie ontvang (N\$828,000) en meer rente ontvang op debiteure en lenings (N\$678,000).

7.2 Uitgawes

Die totale uitgawes het verhoog met 1,2% vir die groep en verlaag met 1,01% vir die koöperasie. Die belangrikste kostekategorieë het as volg vertoon teenoor die vorige jaar:

7.2.1 Voorraadkoste

Die gevalle van diefstal en voorraadverliese het nog steeds die finansiële resultate negatief beïnvloed. Alhoewel meer kontroles en stelsels geïmplementeer is, word dit al hoe moeiliker om hierdie koste tot 'n aanvaarbare vlak te beperk. Huidige voorraadtekorte beloop N\$3,8 miljoen teenoor N\$4,1 miljoen in 2004. Dit is die doelstelling van bestuur om hierdie syfer na N\$1,5 miljoen vir die huidige jaar te verminder.

7.2.2 Bemarkingskoste

Verhoog met 6% algeheel as gevolg van die verhoging in advertensie uitgawes met 33%, lewendehawe agente kommissie met 7% en donasies met 53%.

7.2.3 Geboue koste

Verhoog met 16% teenoor die vorige jaar as gevolg van normale verhogings in huur, munisipale kostes en 'n styging van 32% in verbeterings, herstelwerk en onderhoud van die infrastruktuur van takke.

- 7.2.4 Transport and asset costs
Decreased by 23% as a result of strict control over travelling and motor vehicle expenses as well as large reduction in depreciation costs.
- 7.2.5 Personnel costs
Decreased by 5% as a result of the phasing out of branches and more effective utilization of casual labour.
- 7.2.6 Administration costs
Administration costs were 6% higher than the previous year due to the following:
- o Bank charges increased by 27%.
 - o Information Technology costs increased by 26%.
 - o Bad debts written off increased by N\$1.8 million.
- 7.3 Finance costs
Interest paid decreased by 19% (N\$692,000) for the co-operative and 21% (N\$928,000) for the group as a result of improved working capital management.

8. BALANCE SHEET

As a result of new accounting standards being introduced by the audit profession and the fact that Agra as a co-operative has to comply with these new statements, certain values on Agra's current balance sheet needs more explanation:

8.1 Properties, Plant and Equipment

- 8.1.1 Owner Occupied Buildings:
The Auas Valley Shopping Mall had to be re-classified as an "Owner Occupied Building" this year, while it was classified as an "Investment Property" previously. Although this change was complied with, management still considers it an investment property, especially as it generates the bulk of Agra's property income.
- Another consequence of the re-classification relates to the value of this property: In 2004 its value in Agra's balance sheet amounted to N\$42,2 million.

- 7.2.4 Vervoer- en batekoste
Verlaag met 23% as gevolg van streng kontrole oor reis- en motor-uitgawes, asook 'n groot verlaging in waardevermindering.
- 7.2.5 Personeelkoste
Verlaag met 5% as gevolg van die uitsfasering van takke en meer effektiewe benutting van tydelike arbeid.
- 7.2.6 Administratiewe koste
Administratiewe koste was 6% hoër as die vorige jaar as gevolg van:
- o Bankkoste verhoog met 27%.
 - o Inligtingstechnologie uitgawes verhoog met 26%.
 - o Slegte skulde afgeskryf verhoog met N\$1.8 miljoen.
- 7.3 Finansieringskoste
Rente betaal het verlaag met 19% (N\$692,000) vir die koöperasie en 21% (N\$928,000) vir die groep as gevolg van verbeterde bedryfs-kapitaalbestuur.

8. BALANSSTAAT

As gevolg van nuwe rekeningkundige standaarde wat bekend gestel is deur die audit-professie en die feit dat Agra as 'n koöperasie moet voldoen aan hierdie nuwe standpunte is dit nodig dat seker waardes op die balansstaat van Agra in meer besonderhede verduidelik word:

8.1 Eiendomme, Aanleg en Toerusting

- 8.1.1 Eienaargeokkupeerde geboue:
Die Auas Valley Inkoopentrum moes herklassifiseer word as 'n "Eienaargeokkupeerde gebou" hierdie jaar, terwyl dit as "Beleggingseiendomme" geklassifiseer was in die verlede. Alhoewel daar aan hierdie vereiste voldoen is, beskou bestuur hierdie eiendom nog steeds as 'n beleggingseiendom veral omdat dit die grootste gedeelte van die eiendoms inkomste van Agra genereer.
- 'n Verdere gevolg van hierdie herklassifikasie hou verband met die waarde van hierdie eiendom. Die waarde in Agra se balansstaat in 2004 was aangedui as N\$42,2 miljoen.

This year it was valued by an independent professional valuer at N\$42,5 million, yet, according to the new accounting standards it has to be shown in our balance sheet at N\$22,4 million (cost less accumulated depreciation). The difference of N\$19,9 million was adjusted by reducing both Agra's reserves and its property value by that amount.

8.1.2 Debt to equity ratio

The above re-classification has a major impact on Agra's debt to equity ratio, which now amounts to 54% for the co-operative and 58% for the group. Disregarding the re-classification these figures would amount to 39% for both the co-operative and the group.

8.1.3 Current asset ratio

Current assets exceed current liabilities by 15% (co-operative) and 25% (group).

8.1.4 Total assets

Total assets exceed total liabilities by N\$50,8 million (co-operative) and N\$51 million (group).

9. FUTURE OUTLOOK

The weather prophets have predicted a normal to above normal rain season. This is one of the most important indicators for Agra's business environment. Inflation has been contained very well with the exception of fuel costs, which will probably rise even more in the year ahead. Meat prices have improved slightly during the last few months and should positively impact on the co-operative's performance.

The current land reform process still has a dampening effect on the spending and investment pattern of quite a number of our members. It would be to the benefit of all agricultural stakeholders if a transparent, equitable, and practical processes could be agreed upon in order to stabilize and enhance the production capacity of Namibia's farms.

Agra has concluded certain restructuring, cost-saving and improved control processes and we are looking forward to the implementation of a thoroughly tested and effective business and computer system in March 2006 which will be acquired from Cape-Agri where it has been functioning successfully for some years now.

Hierdie jaar is dit waardeer deur 'n onafhanklike professionele waardeerder op N\$42,5 miljoen, alhoewel dit in die balansstaat getoon word as N\$22,4 miljoen (kosprys min opgelope waardevermindering) ingevolge die nuwe rekeningkundige standaarde. Die verskil van N\$19,9 miljoen is reggestel deur die reserwes en eiendomswaarde van Agra daarmee te verminder.

8.1.2 Vreemde tot eie kapitaal verhouding

Die bogenoemde herklassifikasie het 'n groot invloed op die vreemde tot eie kapitaal verhouding van Agra, wat nou 54% is vir die koöperasie en 58% vir die groep. Sonder die herklassifikasie sal die verhouding 39% wees vir beide die koöperasie en die groep.

8.1.3 Bedryfskapitaalverhouding

Bedryfsbates oorskry bedryfslaste met 15% (koöperasie) en 25% (groep).

8.1.4 Totale bates

Totale bates oorskry totale laste met N\$50,8 miljoen (koöperasie) en N\$51 miljoen (groep).

9. TOEKOMSTIGE VERWAGTINGE

Die voorspelling van ons weerprofete is 'n normale tot bo-normale reënseisoen. Dit is een van die belangrikste aanwysers vir Agra se besigheidsomgewing. Inflasie is goed beperk met die uitsondering van brandstofkoste wat waarskynlik nog meer sal styg in die jaar wat voorlé. Vleispryse het effens verbeter oor die laaste paar maande en behoort die koöperasie se prestasie positief te beïnvloed.

Die huidige grondhervormingsproses het nog steeds 'n smorende uitwerking op die spanderings- en beleggingspatrone van 'n groot aantal van ons lede. Dit sal tot die voordeel wees van al die landbou belanghebbendes, wanneer 'n deursigtige, regverdige en praktiese proses ooreengekom word om stabiliteit en verbeterde produksie kapasiteit van Namibiese plase te bewerkstellig.

Agra het sekere herstrukturering-, kostebesparings- en verbeterde kontrole prosesse afgehandel en ons sien uit na die implementering van 'n effektiewe en beproefde besigheids- en rekenaarsstelsel in Maart 2006 wat verskaf word deur Cape-Agri waar hierdie stelsel reeds vir verskeie jare suksesvol funksioneer.

10. BUDGETS FOR THE YEAR ENDING 31 JULY 2006

10.1 Capital expenditure budget

The structural upgrading of certain branches and the continued upgrading of our Information Technology systems comprise the bulk of the capital expenditure budget for 2005/2006 as follows:

	2005/2006 N\$ million	2004/2005 N\$ million
Upgrading and development of fixed property	7,87	1,93
Information Technology	1,56	0,75
Commercial vehicles	0,63	0,27
Office furniture and equipment	0,04	0,19
Operational assets	0,35	0,31
Total	10,45	3,45

10.2 Operational budget

The proposed operational budget for the year 2005/2006 can be summarised as follows:

	N\$ million
Gross value of livestock transactions	417,4
Trade division	279,2
Wholesale division	2,5
Safari Den	12,9
Property division	12,1
Total turnover	724,1
Cost of sales	<u>(653,6)</u>
Gross profit	70,5
Other income	11,2
Gross income	81,7
<i>Less:</i>	
Inventory costs	1,5
Marketing costs	4,3
Building costs	9,7
Transport costs	5,6
Personnel costs	37,6
Directors costs	0,6
Administration costs	10,4
Profit before finance charges	12,0
Finance charges	5,1
Profit before tax	6,9

10. BEGROTING VIR DIE JAAR GEëINDIG 31 JULIE 2006

10.1 Kapitale uitgawe begroting

Strukturele opgradering van sekere takke en die voortgesette opgradering van ons Inligtingstegnologiesestelsel maak die grootste gedeelte van die kapitale uitgawe begroting van 2005/2006 uit en is as volg:

	2005/2006 N\$ miljoen	2004/2005 N\$ miljoen
Opgradering en ontwikkeling van vaste bates	7,87	1,93
Inligtingstegnologie	1,56	0,75
Handelsvoertuie	0,63	0,27
Meubels en toerusting	0,04	0,19
Operasionele bates	0,35	0,31
Totaal	10,45	3,45

10.2 Operasionele begroting

Die voorgestelde operasionele begroting vir die jaar 2005/2006 kan as volg opgesom word:

	N\$ miljoen
Bruto waarde van lewendehawe transaksies	417,4
Handelsafdeling	279,2
Groothandelaafdeling	2,5
Safari Den	12,9
Eiendomsafdeling	12,1
Totale omset	724,1
Koste van verkope	<u>(653,6)</u>
Bruto wins	70,5
Ander inkomste	11,2
Bruto inkomste	81,7
<i>Min:</i>	
Voorraadkoste	1,5
Bemarkingskoste	4,3
Gebouekoste	9,7
Vervoerkoste	5,6
Personeelkoste	37,6
Direkteurskoste	0,6
Administratiewe koste	10,4
Wins voor finansieringskoste	12,0
Finansieringskoste	5,1
Wins voor belasting	6,9