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Supervisory committee	S Zensi SK Shikongo
Management	PM Kazmaier (Chief Executive Officer) PL de Bruyn (Finance) A Klein (Retail and Wholesale) B Hoffmann (Marketing) H Tiemann (Internal audit) PH Hugo (Livestock) KMM Holdt (Properties) G Beukes (Human resources)
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Bankers	Bank Windhoek Limited First National Bank of Namibia Limited Standard Bank Namibia Limited

Contents

	Page
Report of the Supervisory Committee	2 – 3
Report of the Chairman	4 – 7
Report of the Chief Executive Officer	8 – 15
Statement of responsibilities by the board of directors	16
Corporate governance statement	17 – 18
Independent auditor's report	19
Directors' report	20 – 21
Consolidated balance sheet	22
Consolidated income statement	23
Consolidated statement of changes in equity	24
Consolidated cash flow statement	25
Summary of significant accounting policies	26-34
Financial risk factors	34-40
Fair value estimation	40
Critical accounting estimates and judgements	41
Property, plant and equipment	42 – 43
Investment properties	44
Investment in subsidiaries	44
Investment in associates	45
Deferred income tax	45 – 46
Available-for-sale financial assets	46
Inventories	46
Biological assets	46
Trade receivables	47
Loans originated	47
Cash and cash equivalents	47
Share capital	48
Other reserves	48
Members' funds	48 – 49
Borrowings	49 – 50
Retirement benefit obligations	50 – 51
Trade and other payables	51
Other income	52
Expenses by nature	52
Employee benefit expenses	53
Finance costs	53
Income tax expense	53
Cash generated from operations	54
Commitments	55
Related party transactions	56 – 57
Pension scheme	57
Bonus capital	57

Report of the supervisory committee

The year under review had many challenges which had to be managed diligently. The farming environment is exposed to many risks such as weather, increasing input costs, interest rates as well as fluctuations in market prices of agronomy, livestock and pelts. The agricultural and farming community is under severe financial pressure because of increasing costs of farming needs and food prices which have a negative impact on the profitability of farming. Global warming, disasters and shortages in energy and food will result in continued price increases. Nevertheless, now seems to be the best time to invest in agriculture to curb shortages worldwide.

During the year the board and management focused on identifying agriculture risks in time to address and manage possible problems. The agriculture business environment became more competitive and it was important that Agra act faster than the opposition to ensure products could still be made available to members and clients at competitive prices.

Agra again fulfilled its social responsibilities and public commitment through various projects and training programmes presented to the public. Agra supports farmer association days, communal and commercial shows, agricultural training, the Dagbreek school, present lectures to interested parties and is involved in farm workers training programmes in conjunction with the Cheetah Conservation Fund. The aim of the programmes is to equip farm workers and emerging farmers with the necessary knowledge and skills in farming and encourage them to make a positive difference in the agricultural sector. Agra also provides financial assistance to students via a bursary scheme.

A prerequisite for a successful business is to have well-trained personnel who are able to offer excellent customer service. To achieve this, one needs motivated and trained personnel at all levels so that they are equipped for their work environment and able to fulfil their responsibility to the business, its members and clients.

The supervisory committee congratulates the directors and management, especially Chief Executive Officer Peter Kazmaier, for the solid financial results achieved over the past three years. This performance is a direct result of great inputs and commitment. Although there are various reasons for ongoing

Verslag van Toesighoudende Komitee

Die jaar onder oorsig het vele uitdagings gebied wat noukeurig bestuur moes word. Die boerdery omgewing is uitgelewer aan baie risiko's soos onder andere die weer, stygende insetkoste en rentekoerse, asook skommeling in markpryse van akkerbou- vee- en pelspryse. Landbou en die boerderygemeenskap word deur die stygende insetkoste van boerderybenodighede en voedselpryse onder sterk finansiële druk geplaas wat 'n negatiewe invloed op die winsgewendheid van boerdery teweegbring. Die aardverwarming, natuurkatastrofes en die tekort aan energie en voedsel sal veroorsaak dat pryse aanhou styg. Nogtans blyk dit dat dit nou die beste tyd is om in landbou te belê om die tekorte wêreldwyd teë te werk.

Die direksie en bestuur het in die afgelope jaar daarop gefokus om landbou risiko's betyds te identifiseer om moontlike probleme aan te spreek en te bestuur. Die landbou besigheidsomgewing het al hoe meer kompetender geraak en was dit dus baie belangrik dat Agra vinniger as die opposisie moes aanpas om sodoende te verseker dat produkte nog steeds teen 'n kompetender prys beskikbaar gestel word aan sy lede en kliënte.

Gedurende die afgelope jaar het Agra weer sy sosiale verantwoordelikhede en openbare betrokkenheid nagekom deur verskeie projekte en opleidingsprogramme vir die publiek aan te bied. Agra ondersteun boeredae, kommunale en kommersiële skoue, landbouopleiding, die Dagbreek skool, bied lesings vir belangstellendes aan en is betrokke by plaaswerkers opleidingskursusse wat in samewerking met die "Cheetah Conservation Fund" aangebied word. Die doelstelling van die opleidingskursusse is om plaaswerkers en opkomende boere te voorsien van die nodige kennis en vaardighede van boerdery en hulle dus aan te moedig om 'n positiewe verskil in die landbou sektor te bewerkstellig. Agra bied ook finansiële bystand aan studente deur middel van 'n beurskema.

'n Voorwaarde vir 'n suksesvolle besigheid is goed toegeruste personeel om 'n beter diens te verseker. Dus is opleiding en motivering voortdurend op alle vlakke aan die personeel verskaf om hulle toe te rus vir hulle werksomstandighede en hulle verantwoordelikhede teenoor die besigheid, lede en kliënte.

Die TK wil graag die direksie en bestuur, maar veral vir Mnr. Peter Kazmaier, die Hoof Uitvoerende Beampte, gelukwens met die goeie finansiële resultate van die afgelope drie jaar. Hierdie agtereenvolgende goeie uitslae getuig van groot insette en toewyding. Daar is verskeie redes vir die volgehoue prestasies, waarvan

achievement, detailed and sound financial management and thorough controls are the most important. Sub-committees like the audit- and risk committee function effectively as does the process of identifying problems and challenges and addressing these. Beyond the internal audit function Agra also appoints external auditors that function independently to provide objective opinions and serve as watch dog. The agricultural business has many risks and, given the dependency on rain and other factors is unpredictable. None-the-less, it was possible for Agra to grow its business and improve on the prior year's results through excellent strategies, planning and exemplary teamwork.

The directors and management again spent much time considering whether the current co-operative structure is still the preferred business form for the future. The business environment has become very competitive and it is ever-more important to be innovative and adjust quickly to new challenges and conditions. The current business form does not always make this possible. Further only 39% of Agra members still do business with the cooperative. The committee is confident the directors and management will apply due diligence in reaching a decision to ensure that Agra will still be in business in the years ahead to the benefit of its members and clients.

The directors, management and personnel continuously focus on the principles of good corporate governance. Ethical codes and rules have been agreed to by these parties and will place Agra beyond doubt in the way it conducts its business.

The committee expresses its appreciation to the directors, management and personnel for their inputs at all levels and congratulates them for the exceptional success achieved during the year. We also appreciate the support of Agra members and clients, without which Agra could not have achieved these new heights.

Agra - my choice - my destination



**S Zensi
SUPERVISORY COMMITTEE
TOESIGHOUDENDE KOMITEE**

noukeurige en gesonde finansiële bestuur en deeglike kontroles die belangrikste is. Onderkomitees soos die oudit- en risikokomitee funksioneer effektief soos ook die identifisering van probleme en uitdagings en die hantering daarvan. Behalwe 'n interne oudit funksie het Agra ook die eksterne ouditeure wat 'n onafhanklike objektiewe mening gee en as waghond dien. Die landboubesigheid is vol risiko's en as gevolg van die afhanklikheid van reën en ander faktore baie onvoorspelbaar. Ten spyte hiervan kon Agra sy besigheid groei en verbeter op die vorige jaar se resultate. Dit is alleen moontlik deur puik strategiese beplanning en voorbeeldige spanwerk.

Die direksie en bestuur het vanjaar weer baie tyd daaraan spandeer om te besin of die huidige koöperasie bedryfstruktuur nog die gewenste besigheidsvorm vir die toekoms is. Die besigheidsgewing het baie meer kompetend geraak en dit raak al hoe meer belangrik om innoverend op te tree en vinniger aan te pas by die nuwe uitdagings en omstandighede. Die huidige besigheidsvorm maak dit juis nie altyd moontlik nie. Verder doen slegs 39% van Agra se lede nog besigheid met die koöperasie. Die TK is oortuig dat die direksie en bestuur 'n weldeurdragte besluit sal neem wat sal verseker dat Agra oor die jare wat kom nog in besigheid sal wees tot voordeel van die lede en kliënte.

Die direksie, bestuur en personeel het deurlopend gekonsentreer op die beginsels van goeie korporatiewe bestuur. Die etiese kodes en reëls is deur begonoemde partye onderskryf om Agra bo verdenking te plaas in die manier hoe hy besigheid doen.

Die TK wil graag sy dank uitspreek teenoor die direksie, die bestuur en personeel vir die prestasie en die insette wat op alle vlakke gelewer is en hulle geluk wens met die uitstaande sukses wat gedurende die afgelope jaar behaal is. Dankie vir die ondersteuning deur Agra lede en kliënte, sonder julle steun kan Agra hierdie hoogtes nie bereik nie.

Agra – my keuse – my bestemming

Report of the chairman

The year 2008 will be remembered for uncontrollable increases in prices of fuel, fodder, lick and food. The disposable income of the agricultural producer was also limited because of higher interest rates and increased inflation. Fortunately, the higher than average rainfall of the past season created good production conditions. The prices of agricultural products recovered reasonably well for most trades since 2007. In Namibia for example, the price of beef increased by 25% from January 2007 to August 2008 and the price of lamb by 16% for the same period.

The high pelt prices of the previous financial year affected pelt numbers for 2007/2008. An increase of 20,5% in the number of pelts marketed during the year increased the total to 135,484. Prices decreased however, by 16% compared to the previous year. The average of N\$394 realised for the year, is still a very competitive price given that the previous average of N\$494 was generally viewed as too high in the international market. The decrease this year was an expected correction towards a more market related price. The increase in numbers also resulted in more lower-grade pelts entering the market.

In summary therefore: the broader economy grew; producer prices were good; input costs were alarming high and disposable incomes of both producer and consumer decreased which put profit margins in the agricultural sector under pressure.

It was possible for Agra to grow its business profitably within these dynamic environments with their huge challenges and opportunities.

The retail division performed exceptionally well with a net profit of N\$26,4 million, which is N\$12,1 million over budget. The livestock division closed with a net profit of N\$5,1 million.

The board and management decided to restructure the livestock division and appoint the livestock officers as commission agents. The aim of the new structure is to give a certain degree of ownership to personnel and to forge a closer link between remuneration and

Verslag van die Voorsitter

Die jaar 2008 sal onthou word vir die onbeheerbare styging in die pryse van brandstof, veelekkie en -voere en voedsel. Die landbouprodusent se besteebare inkomste was ook beperk deur hoër rentekoerse en stygende inflasie. Gelukkig het die bogemiddelde reën van die afgelope seisoen goeie produksie-omstandighede tot gevolg gehad. Pryse van landbou produkte het sedert 2007 vir die meeste bedrywe redelik goed herstel. In Namibia het beesvleispryse byvoorbeeld vanaf Januarie 2007 tot en met Augustus 2008 met 25% gestyg terwyl skaapvleispryse in dieselfde tydperk met 16% gestyg het.

Die hoë pels prys van die vorige finansiële jaar het 'n invloed op die pelsgetalle vir 2007/2008 gehad. 'n Styging van 20,5% in die getal pelse wat gedurende die jaar bemark is het die getal laat styg tot 135,484. Die prys het egter gedaal met 16% teenoor die vorige jaar. Die gemiddelde prys van N\$394 wat gerealiseer het vir die jaar is nog steeds 'n baie kompeterende prys. Die vorige gemiddelde prys van N\$494 was allerwee beskou as 'n te hoë prys in die internasionale mark. Die daling vanjaar was dus 'n verwagte regstelling na 'n meer markgerigte prys. Die toename in getalle het ook tot gevolg gehad dat meer laer graad pelse in die mark gekom het.

Opsommend kan dus gesê word dat die ekonomie in die breë gegroei het; produsente pryse goed was; insetkoste onrusbarend hoog was en dat die besteebare inkomste van die produsent en die verbruiker verminder het wat druk geplaas het op winsmarges in die landbou sektor.

Binne hierdie dinamiese omgewing met die groot uitdagings en geleenthede, was dit vir Agra moontlik om sy besigheid winsgewend te laat groei.

Die handelsafdeling het uitsonderlik presteer met 'n netto wins van N\$26,4 miljoen wat N\$12,1 miljoen bo begroting is. Die lewendehawe afdeling het met 'n netto wins van N\$5,1 miljoen afgesluit.

Direksie en bestuur het besluit om lewendehawe te herstruktureer en om die lewendehawe beamptes as kommissie agente aan te stel. Die nuwe struktuur is daarop gemik om 'n mate van eienaarskap aan personeel te gee en vergoeding hegter aan prestasie te

performance creating a win-win situation for both parties. Livestock and stud services remain part of the Agra business and will continue to promote the Agra trade mark.

The marketing division embarked on exciting projects during the year to reinforce the presence and image of Agra in the market place. These efforts made a huge contribution to the successes of Agra.

To confirm our commitment to the agricultural sector, Agra - together with Bank Windhoek - erected the Agra Bank Windhoek Conference Centre, inaugurated on 4 June 2008. The Otjiwarongo branch is currently upgraded at a cost of N\$7,9 million. These developments portray Agra's confidence in the future of Namibia, and contribute to its vision of becoming the destination of choice for our clients.

Agra is not only growing its business, but adhering to its social responsibilities by adding value in various communities. Agra is involved in farmer association days, shows, livestock competitions and numerous social projects such as teaching people to grow vegetables and how to farm. Different training programmes for farm workers and public lectures were presented. The total social contribution of Agra was again praiseworthy, although mostly unnoticed.

To conduct business successfully today an organisation needs to timeously adapt to the fast-changing environment and the ability to identify and manage risks. Namibia has a dynamic business environment characterise by stronger competition. A business therefore now needs to adapt faster than its opposition to survive. To ensure Agra will still be in business in Namibia in the long term for the benefit of its members and clients, the board of directors, senior management and a team of experts conducted a proper evaluation of the changing business environment. This concluded that it might be wise to convert the Agra business model from a co-operative to a company because:

- The initial reasons for establishing Agra as a co-operative are not valid any more

koppel. Die doel is om 'n wen-wen situasie vir albei partye te ontwikkel. Lewendehawe en stoetveedienste bly deel van Agra se besigheid en sal die Agra handelsmerk bly uitbou.

Die bemarkingsafdeling het opwindende veldtogte geloods gedurende die jaar om Agra se teenwoordigheid en beeld in die markplek te vestig. Hierdie poging lewer beslis 'n groot bydrae tot Agra se suksesse.

Om ons verbintenis tot die landbou sektor te bevestig het Agra tesame met Bank Windhoek die Agra Bank Windhoek konferensiesentrum opgerig wat op 4 Junie 2008 ingewy is. Tesame hiermee word die Otjiwarongo handelstak tans opgradeer teen 'n koste van N\$7,9 miljoen. Hierdie ontwikkelinge weerspieël die vertroue wat Agra het in die toekoms van Namibia. Dit dra by tot die visie van Agra naamlik om die voorkeur bestemming van ons kliënte te wees.

Agra laat nie net sy besigheid groei nie, maar kom ook sy sosiale verantwoordelikhede na deur waarde toe te voeg in verskillende gemeenskappe. Agra is betrokke by boeredae, skoue, lewendehawe kompetisies, asook verskeie sosiale projekte, byvoorbeeld om mense te leer om groente te kweek en om te boer. Talle plaaswerkers opleidingskursusse en openbare lesings is aangebied. Die totale bydrae van Agra op sosiale vlak was weereens prysenswaardig, alhoewel dit meestal ongesiens verbygaan.

Om vandag suksesvol besigheid te doen moet 'n organisasie die vermoë besit om betyds aanpassings te maak by die vinnige veranderende omgewing asook die vermoë om risikos te identifiseer en te bestuur. Die besighiedsomgewing in Namibia is dinamies en word gekenmerk deur sterker kompetisie. Om te oorleef moet 'n besigheid vinniger kan aanpas as die opposisie. Om te verseker dat Agra in die lantermyn nog in Namibia in besigheid sal wees tot voordeel van sy lede en kliënte het die raad van direkteure, senior bestuur en span kundiges derhalwe 'n deeglike evaluering gemaak van die veranderende besighiedsomgewing. Dit mag sinvol wees om die besighiedsvorm van Agra van 'n koöperasie na 'n maatskapy om te skakel en wel om die volgende redes:

- Die aanvanklike redes vir Agra se ontstaan as koöperasie bestaan nie meer nie.

- Agra is not the only supplier of goods and services and therefore not always the preferred choice of business by its members
- Only 39% of Agra's members conduct business with the co-operative
- The market is dynamic and becoming more competitive
- International role players do business in Namibia
- The members of Agra may receive greater value from the benefits of a company than a co-operative.
- Agra is nie meer die enigste verskaffer van goedere en dienste nie en dus nie altyd die voorkeurkeuse vir besigheid deur sy lede nie.
- Slegs 39% van Agra se lede doen besigheid met die koöperasie.
- Die markomgewing is dinamies en het meer kompetender geraak.
- Internasionale rolspelers doen besigheid in Namibia.
- Die lede van Agra mag groter waarde kry uit die voordele wat 'n maarskapy bied teenoor 'n koöperasie.

The aim is to adapt faster to changes than the opposition with a more dynamic business form which will enable us to fulfil the needs of our members and clients and play a sustainable role in the future of the agricultural business environment in Namibia. These proposals will be communicated to members for approval.

The food shortages and food crises put new emphasis on the strategic role and importance of agriculture. Equally, political stability and optimism is important for optimal production. A sustainable plan for land reform and free-market principles must create the confidence for each Namibian to invest and to produce. Political visions should be reconciled with economic realities. Such a production and trade environment will create confidence which will lead to value adding and job creation.

Agra is positive in this regard and has confidence in the future. Agra wants to join hands with the government, agricultural producers, private sector and NGOs to reach for the government's vision 2030 and to add value in this way. Each participant in the value chain has a role and function to fulfil. Agra is already busy sharing its knowledge and experience and reinvesting for the benefit of all in Namibia.

Agra had another record year with a turnover of N\$1,2 billion and a net profit after tax of N\$20 million. A bonus of N\$12 million will be allocated to members funds based on the gross profit contribution of each member to the business of Agra. The bonus will be allocated to members funds because of the capital projects budgeted for in the new year.

Die doel is om met 'n meer dinamiese besigheidsvorm vinniger as die opposisie te kan aanpas by verandering en om so te voldoen aan die behoeftes van ons lede en klënte en om in die toekoms 'n volhoubare rol te speel in die landbou besigheidsongewing in Namibia. Hierdie voorstelle sal met die lede gekommunikeer word vir goedkeuring.

Die voedseltekort en die voedselkrisis plaas nuwe klem op die strategiese rol en belangrikheid van landbou. Politieke stabiliteit en optimisme is belangrik vir optimale produksie. 'n Volhoubare grondhervormingsplan, en vrye mark beginsels moet vertrouwe skep by elke Namibiër om te investeer en te produseer. Politieke doelwitte moet versoenbaar wees met ekonomiese realiteite. So 'n produksie- en handelsomgewing sal vertrouwe skep en lei tot waardetoevoeging en werkskepping.

Agra is in die verband positief en het vertrouwe in die toekoms. Agra wil hande vat met die regering, landbouprodusente, private sektor en NGO's om die regering se visie 2030 te bereik en sodoende waarde toe te voeg. Elke deelnemer in die waardeketting het egter 'n verantwoordelikheid om sy rol en funksie na te kom. Die kennis en ervaring wat Agra het is hy reeds besig om te deel en terug te ploeg tot voordeel van almal in Namibia.

Agra het nog 'n rekord jaar gehad met 'n omset van N\$1,2 biljoen en 'n netto wins na belasting van N\$20 miljoen. 'n Bonus van N\$12 miljoen gaan aan lede toegedeel word op grond van die bruto wins bydrae van elke lid tot die besigheid. Die bonus sal oorgedra word na ledefondse as gevolg van die kapitaal projekte wat begroot is vir die komende jaar.

Agra will continue focusing on expanding the business for example developing new services. Our core business is a service to our members which we have to strive continuously to improve. Agra's trade mark must be well established to become the preferred choice of business. Finally, we have to build relationships and loyalty with close interactions to ensure employees develop to their full potential.

A vote of thanks to all fellow directors and members of the supervisory committee for the dedication and determination to make Agra a successful business by keeping members' interests always at the forefront of our endeavours. The board of directors welcomes these excellent financial results and Agra's continued profitable growth. To reach this goal is only possible with a dynamic team. On behalf of the board I congratulate Peter Kazmaier, Agra's chief executive officer, management and staff on this performance. The board is proud of each employee and thanks everyone for the contribution to Agra's success.



R VAN DER MERWE
CHAIRMAN OF THE BOARD OF DIRECTORS
(VOORSITTER VAN DIE RAAD VAN DIREKTEURE)

Agra sal bly fokus daarop om die besigheid uit te brei deur byvoorbeeld nuwe dienste te ontwikkel. Ons kern besigheid is 'n diens aan ons lede te lewer waarin ons moet poog om aan te hou om te verbeter. Agra se handelsmerk moet gevestig wees om die voorkeur keuse vir besigheid te wees. Laastens moet ons verhoudinge en lojaliteite bou met noue interaksies en seker maak dat werknemers tot volle potensiaal ontwikkel.

Baie dankie aan die mede Direkteure en lede van die Toesighoudende Komitee vir die toegewydheid en erns om van Agra 'n suksesvolle besigheid te maak. Ek kan getuig dat die belang van die koöperasie en die lede altyd belangrik was. Die Raad van Direkteure is baie opgewonde oor die puik finansiële resultate. Agra kon weereens daarin slaag om die besigheid winsgewend te groei. Om hierdie doelwit te kan bereik is slegs moontlik deur 'n dinamies span. Ek wil namens die direksie van die geleentheid gebruik maak om vir Mnr Peter Kazmaier, Hoof Uitvoerende Beampte, die bestuurspan en personeel geluk te wens met die puik finansiële resultate. Die direksie is trots op elke werknemer en wil dankie sê vir elkeen se bydrae tot Agra se sukses.

Report of the Chief Executive Officer

OVERVIEW

The year under review presented Agra with the highest ever net profit after tax of N\$20,3 million for the group compared with N\$10,9 million in 2007 and N\$20,0 million for the co-operative compared with N\$11,1 million in 2007. This represents an increase of 80% for the co-operative compared to 2007.

Gross profits for the group increased from N\$92,6 million in 2007 to N\$111,2 million in 2008 (20%).

The continued drive to improve customer service, increased marketing activities, training of Agra staff as well as adherence to various internal control systems were the main drivers behind the improved sales (22% increase for the group) and gross profit performance.

1. LIVESTOCK DIVISION

We unfortunately have to report a decline in both turnover and profitability in this division for the year under review. This is mostly attributable to increased competition, sideways movement of livestock prices and steady increases in operational expenditure.

Average prices per head achieved in the various categories were as follows:

	2008 N\$	2007 N\$	% change	
Cattle	3,076	3,020	2%	Beeste
Sheep	464	433	7%	Skape
Goat	463	422	10%	Bokke

The number of animals marketed during the 2007/8 year were as follows:

	2008	2007	% change	
Cattle	132,199	161,385	(22%)	Beeste
Sheep	165,186	151,724	8%	Skape
Goat	95,062	115,507	(22%)	Bokke

Total N\$ turnover achieved for the various categories was as follows:

	2008 N\$ (million)	2007 N\$ (million)	% change	
Cattle	406,6	487,3	(17%)	Beeste
Sheep	76,6	65,7	17%	Skape
Goat	44,0	46,9	(6%)	Bokke

Net turnover achieved for the livestock division amounted to N\$28,9 million compared to N\$27,8 million in 2007.

Verslag van die Hoof Uitvoerende Beampte

OORSIG

Die jaar onder oorsig het vir Agra die hoogste netto wins na belasting ooit opgelewer, ten bedrae van N\$20,3 miljoen vir die groep vergeleke met N\$10,9 miljoen in 2007 en N\$20,0 miljoen vir die koöperasie vergeleke met N\$11,1 miljoen in 2007. Dit verteenwoordig 'n toename van 80% vir die koöperasie vergeleke met 2007.

Bruto winste vir die groep het toegeneem van N\$92,6 miljoen in 2007 tot N\$111,2 miljoen in 2008 (20%).

Die voorgesette strewe om te verbeter op kliëte diens, verhoogde bemarkings aktiwiteite, opleiding van Agra personeel en onderwerping aan verskeie interne kontrole stelsels was die vernaamste redes agter die verhoogde omsette (22% toename vir die groep) en bruto wins prestasie.

1. LEWENDEHAWA AFDELING

Ons moet ongelukkig 'n afname in beide die omsette en winsgewendheid van hierdie afdeling rapporteer vir die jaar onder oorsig. Dit kan hoofsaaklik toegeskryf word aan verhoogde kompetisie, sywaartse beweging van lewendehawe pryse en die bestendige toename in operasionele uitgawes.

Gemiddelde pryse per kop behaal in die verskeie kategorieë was soos volg:

Die aantal diere wat bemark is gedurende die 2007/8 jaar was soos volg:

Totale N\$ omset vir die verskillende kategorieë was soos volg:

Netto omset behaal in die lewendehawe afdeling het N\$28,9 miljoen beloop in vergelyking met N\$27,8 miljoen in 2007.

1.1 Karakul

Pelt quantities sold at the two auctions in Copenhagen during September 2007 and April 2008 amounted to 135,484 pelts, which reflects an increase of 20% compared to 112,463 pelts sold during the year ending July 2007.

Unit prices per pelt decreased from an average of N\$470.22 in the previous financial period to N\$393.90 in 2008, a decrease of 16%, mainly as a result of foreign exchange fluctuations.

1.2 Overall Livestock Division

As a result of the declining number of heads marketed, increased operational expenditure and the impairment of long outstanding and non recoverable debtors, the net operating surplus (before head office charges) of this division decreased from N\$7,4 million in 2007 to N\$5,1 million in 2008.

Agra is currently investigating various options which are aimed at restoring sustainable financial results for this division.

2. RETAIL AND WHOLESALE DIVISION

This division comprises the Agra retail branches, Auas Wholesalers, Auas Vet Med, Safari Den and Ondangwa Service Station.

While competition in the retail sector of Namibia continued to be fierce for most of the products sold by Agra, turnover increased from N\$397 million in 2007 to N\$498 million in 2008 (25%).

At the same time gross profit increased from N\$52 million in 2007 to N\$67,6 million in 2008 (30%).

Operational expenses (including shrinkage) were very well managed and increased only by 12%.

Net operating surplus therefore increased from N\$15,4 million in 2007 to N\$26,5 million in 2008, a percentage improvement of 72%.

This is an outstanding achievement for which the whole team is to be congratulated.

3. PROPERTY DIVISION

Rent received this year amounted to N\$ 11,3 million compared to N\$11,5 million in 2007 (a 2% decrease). The decrease in turnover is the result of non-rented space at the Auas Valley Shopping Mall. Efforts to fill these open areas need to be increased and income levels restored during the 2008/2009 financial year.

The major upgrade of the Otjiwarongo retail branch is progressing well and should be completed during March 2009. Mariental branch has been identified as the next upgrade project. Smaller structural improvements will be effected at branches as and when necessary.

Agra is also in the process of conducting a feasibility study for the opening of an Agra branch in Ondangwa.

1.1 Karakoel

135,484 pelse is by die twee veilings in Kopenhagen gedurende September 2007 en April 2008 verkoop wat 'n styging van 20% in die getal pelse is in vergelyking met die 112,463 pelse wat gedurende die jaar geëindig Julie 2007 verkoop is.

Eenheidspryse per pels het gedaal vanaf 'n gemiddelde van N\$470.22 in die vorige finansiële periode tot N\$393.90 in 2008, 'n daling van 16%, hoofsaaklik as gevolg van skommelings in wisselkoerse.

1.2 Algehele lewendende hawe afdeling

As gevolg van 'n afname in die getal diere bemark, verhoogde operasionele uitgawes en die waardedaling van lang uitstaande en oninvorderbare debiteure het die netto bedryfs surplus (voor hoofkantoor-kostes) van hierdie afdeling gedaal vanaf N\$7,4 miljoen in 2007 tot N\$5,1 miljoen in 2008.

Agra ondersoek tans verskeie opsies wat daarop gerig is om die volhoubare finansiële resultate van hierdie afdeling te herstel.

2. KLEIN- EN GROOTHANDELS AFDELING

Hierdie afdeling bestaan uit die Agra kleinhandelstakke, Auas Wholesalers, Auas Vet Med, Safari Den en Ondangwa Service Station.

Terwyl hewige kompetisie in die kleinhandel sektor van Namibia voortgeduur het vir die meeste van die produkte wat deur Agra verkoop word, het die omsette toegeneem vanaf N\$397 miljoen in 2007 tot N\$498 miljoen in 2008 (25%).

Terselfertyd het bruto winste toegeneem vanaf N\$52 miljoen in 2007 tot N\$67,6 miljoen in 2008 (30%).

Operasionele uitgawes (ingesluit voorraad vermindering) is baie goed bestuur en het met slegs 12% toegeneem.

Die netto bedryfssurplus het dienooreenkomstig toegeneem vanaf N\$15,4 miljoen in 2007 tot N\$26,5 miljoen in 2008, 'n persentasie verbetering van 72%.

Dit is 'n uitstaande prestasie waarvoor die hele span geluk gewens moet word.

3. EIENDOMSAFDELING

Huur ontvang gedurende hierdie jaar het N\$11,3 miljoen beloop in vergelyking met N\$11,5 miljoen in 2007 ('n daling van 2%). Die afname in omsette is as gevolg van onverhuurde spasie in die Auas Valley Inkoopentrum. Pogings om hierdie areas te vul moet verbeter en inkomste vlakke herstel word in die 2008/2009 finansiële jaar.

Die buitengewone opgradering van die handelstak op Otjiwaronge vorder goed en behoort in Maart 2009 voltooi te wees. Die Mariental tak is geïdentifiseer as die volgende opgraderings projek. Kleiner strukturele verbeterings sal uitgevoer word by takke indien en wanneer nodig.

Agra is ook tans besig met 'n lewensvatbaarheidsstudie vir die opening van 'n Agra tak op Ondangwa.

Total expenses for the division increased by 5% mainly as a result of an increase in the depreciation allocation to land and buildings.

4. SUBSIDIARIES AND OTHER INVESTMENTS

4.1 Wire Industries (Pty) Ltd

Agra holds a 45% share in this company. During the year under review turnover decreased by 4% compared to 2007. Attributable profit after tax amounted to N\$749,867 (2007: N\$95,998).

4.2 Ondangwa Service Station (Pty) Ltd

This company in which Agra holds 70% of the issued share capital increased turnover from N\$26,5 million to N\$36,6 million (38%). Attributable profit after tax amounted to N\$382,958 (2007: N\$55,481).

4.3 Consolidated Sugar Industries (Namibia) (Pty) Ltd

The investment of a 24,5% shareholding in this company was sold to Frans Indongo Investment Trust on 12 October 2007.

4.4 Farmers Hartlief Consolidated Meat Ltd

This company was formed by means of a merger between Farmers Meat Market Holdings Ltd and Hartlief Continental Meat Products (Pty) Ltd on 18 August 2005. Agra holds 8% of the shares of this merged entity. No dividends were declared during the year under review.

5. FINANCIAL RESULTS

The Agra group achieved a net profit before tax and distribution to members, of N\$24,4 million (2007: N\$13,5 million) and the co-operative a net profit of N\$23,5 million (2007: N\$13,7 million).

Gross profits increased by 20% for the group and by 20% for the co-operative to N\$111,2 million and N\$96,5 million respectively

5.1 Selling and marketing expenses

Group selling and marketing costs increased by 23% compared to the previous year, mainly as a result of increased advertising expenses in both the retail and livestock divisions.

5.2 Administrative Expenses

Group administration expenses increased by 14% compared to 2007 mainly as a result of increased in insurance (13%) information technology (18%) and bad debts written off (94%).

Die totale uitgawes van hierdie afdeling het toegeneem met 5% hoofsaaklik as gevolg van die toedeling van waardevermindering op grond en geboue.

4. FILIALE EN ANDER BELEGGINGS

4.1 Wire Industries (Edms) Bpk

Agra besit 'n 45% aandeel in hierdie maatskappy. Gedurende die jaar onder oorsig het die omset afgeneem met 4% in vergelyking met 2007. Toedeelbare wins na belasting beloop N\$749,867 (2007: 95,998).

4.2 Ondangwa Service Station (Edms) Bpk

Hierdie maatskappy, waarin Agra 70% van die uitgereikte aandele hou, se omset het toegeneem vanaf N\$26,5 miljoen na N\$36,6 miljoen (38%). Toedeelbare wins na belasting beloop N\$382,958 (2007: N\$55,481).

4.3 Consolidated Sugar Industries (Namibië) (Edms) Bpk

'n Belegging van 24,5% aandeelhouing in hierdie maatskappy is verkoop aan die Frans Indongo Investment Trust op 12 Oktober 2007.

4.4 Farmers Hartlief Consolidated Meat Bpk

Hierdie maatskappy is gevorm deur middel van 'n samesmelting tussen Farmers Meat Market Holdings Bpk en Hartlief Continental Meat Products (Edms) Bpk op 18 Augustus 2005. Agra hou 8% van die aandele van hierdie nuwe entiteit. Geen dividende is betaal gedurende die oorsigjaar nie.

5. FINANSIELE RESULTATE

Die Agra groep het 'n netto wins, voor belasting en toedeling aan lede, van N\$24,4 miljoen (2007: N\$13,5 miljoen) behaal en die koöperasie 'n netto wins van N\$23,5 miljoen (2007: N\$13,7 miljoen).

Bruto winste het met 20% vir die groep en met 20% vir die koöperasie toegeneem tot N\$111,2 miljoen en N\$96,5 miljoen onderskeidelik.

5.1 Verkoops- en bemarkingskoste

Verkoops- en bemarkingskoste vir die groep het toegeneem met 23% vergeleke met die vorige jaar, hoofsaaklik as gevolg van die verhoogde advertensie uitgawes in beide die kleinhandel en lewendehawe afdelings.

5.2 Administratiewe uitgawes

Administratiewe uitgawes van die groep het toegeneem met 14% vergeleke met 2007 hoofsaaklik as gevolg van die toename in versekering (13%), inligtings stelsels (18%) en slegte skulde afgeskryf (94%).

5.4 Other income

Increased by N\$7.2 million as a result of:

	(Decrease)/Increase		Difference	
	2008	2007		
	N\$ (million)	N\$ (million)		
Members loan adjustments	3.3	2.2	1.1	Lede fondse aanpassings Billike waarde aanpassing op
Fair value adjustment property	1.0	(0.5)	1.0	eiendomme
Sale of investment	2.0	-	2.0	Verkoop van belegging
Rent received	5.2	5.6	(0.47)	Huur ontvang
Interest received	4.3	2.1	2.2	Rente ontvang
Bad debts recovered	1.1	1.3	(0.27)	Slegte skulde verhaal
Other income	2.9	1.4	1.5	Ander inkomste
	19.8	12.6	7.2	

5.5 Income tax

The income tax charges amount to N\$4,0 million for the group (2007: N\$2,6 million) and N\$3,5 million for the co-operative (2007: N\$2,5 million)

5.6 Declaration of bonuses to members

The board of directors, at their meeting on 30 July 2008, approved the allocation of N\$12,0 million as a bonus to members. This amount will be allocated according to the pro rata gross profit each member contributed to Agra through the business conducted with the co-operative from 1 August 2007 to 31 July 2008.

5.4 Ander inkomste

'n Toename van N\$7,2 miljoen as gevolg van:

5.5 Inkomstebelasting

Die inkomstebelastingkoste beloop N\$4,0 miljoen vir die groep (2007: N\$2,6 miljoen) en N\$3,5 miljoen vir die koöperasie (2007: N\$2,5 miljoen)

5.6 Verklaring van bonusse aan lede

Die raad van direkteure het tydens hul vergadering op 30 Julie 2008 die toedeling van 'n bonus van N\$12,0 miljoen aan die lede goedgekeur. Die bedrag sal toegedeel word volgens die pro rata bruto wins wat elke lid bygedra het tot Agra deur middel van besigheid gedoen met die koöperasie vanaf 1 Augustus 2007 tot 31 Julie 2008.

6. CONSOLIDATED BALANCE SHEET

6.1 Assets

6.1.1 Property, Plant and Equipment

The net value of property, plant and equipment increased by N\$6,0 million as a result of:

	2007
	N\$ (million)
<u>Additions to Land and Buildings:</u>	
Agra Bank Windhoek Ring	2.0
Otjiwarongo branch	2.8
Other Agra branches	0.7
Ondangwa land	0.1
	<u>5.6</u>
Additions to vehicles	1.1
Additions to office and other equipment	0.7
Additions to IT equipment	0.9
Less depreciation charges	(2.2)
Net additions	<u>6.0</u>

6.1.2 Investment Properties:

The value of investment properties increased by N\$1.0 million to N\$14.9 million as a result of a fair value adjustment.

6. GEKONSOLIDEERDE BALANSSTAAT

6.1 Bates

6.1.1 Eiendom, Aanleg en Toerusting

Die netto waarde van die eiendom, aanleg en toerusting het toegeneem met N\$6,0 miljoen as gevolg van:

Agra Bank Windhoek Ring	
Otjiwarong tak	
Ander Agra takke	
Ondangwa grond	
Toevoeging tot voertuie	
Toevoegings tot kantoor- en ander toerusting	
Toevoegings tot inligtings stelsels toerusting	
Minus waardevermindingskoste	
Netto toevoegings	

6.1.2 Beleggingseiendomme:

Die waarde van beleggingseiendomme het tegeneem met N\$1.0 miljoen na N\$14.9 miljoen as gevolg van 'n billike waarde aanpassing.

6.1.3 Current Assets

Inventories:

Stock on hand increased by N\$18,0 million for the co-operative and N\$10,6 million for the group in line with increased turnover figures and improved stock availability.

6.2 Equity

As from the 2006 reporting period, Member's Funds are no longer shown as equity, but were re-classified as a non-current liability. The reason for this adjustment is the fact that member funds are loans by Agra's members to the co-operative and as such are repayable under certain conditions.

Agra's debt to equity ratio at 32% is healthy and has decreased from 45% the previous year.

6.3 Cash Flow

The Agra group reports a positive cash flow for 2008 of N\$28,1 million compared to a negative cash flow in 2007 of N\$12,6 million.

Herewith a summary of cash flow activities:

Cash inflow / (outflow)	N\$ (million)
Net profit	24.4
Working capital charges	12.5
Depreciation (added back)	2.2
Increase in post retirement medical benefit	1.3
Other	2.4
Total cash inflow	42.8
Purchases of fixed assets	(8.2)
Loans repaid	(2.9)
Interest paid/received	0.3
Other	(0.7)
Income tax	(3.2)
Total cash outflow	(14.7)
Net cash flow	28.1

7. FUTURE OUTLOOK

The best year ever in the history of Agra lies behind us. We are very proud to have achieved

- A gross turnover in excess of N\$1 billion for the second time running
- Gross profits exceeding N\$100 million for the first time, and
- Net profit after tax exceeding N\$20 million for the first time

This dramatic improvement is due mostly to the increased turnover and profitability of our retail and wholesale division. On the other hand our livestock and property division did not succeed in improving their results this year.

We will therefore have to ensure that the momentum in the retail/wholesale division is maintained, while new and innovative ways of inspiring the other two divisions have to be investigated.

6.1.3 Bedryfsbates

Voorraad:

Voorraad het toegeneem met N\$18,0 miljoen vir die koöperasie en met N\$10,6 miljoen vir die groep in ooreenstemming met verhoogde omsetsyfers en verbeterde voorraad op hande.

6.2 Ekwiteit

Sedert die 2006 verslagdoeningsperiode word ledefondse nie langer getoon as ekwiteit nie, maar is dit herklassifiseer as 'n nie-bedryfslas. Die rede vir hierdie aanpassing is die feit dat ledefondse lenings is deur Agra se lede aan die koöperasie en gevolglik is dit onder sekere omstandighede terugbetaalbaar.

Agra se skuld tot ekwiteitsverhouding in gesond op 32% en het gedaal vanaf 45% die vorige jaar.

6.3 Kontantvloei

Die Agra groep rapporteer 'n positiewe kontantvloei vir 2008 van N\$28,1 miljoen in vergelyking met 'n negatiewe kontantvloei in 2007 van N\$ 12,6 miljoen.

Hier volg 'n opsomming van kontantvloei-aktiwiteite:

Kontantinvloei / (uitvloei)
Netto wins
Bedryfskapitaalveranderings
Waardevermindering (teruggetel)
Toename in na-aftrede mediese-fonds-voordele
Ander
Total kontant invloei
Aankoop van vaste bates
Lenings terugbetaal
Rente betaal/ontvang
Ander
Inkomstebelasting
Totale kontant uitvloei
Netto kontant vloei

7. TOEKOMSTIGE VERWAGTINGE

Die beste jaar in die geskiedenis van Agra lê agter ons. Ons is baie trots om die volgende te kan behaal:

- 'n Bruto omset van meer as N\$1 biljoen vir die tweede agtereenvolgende jaar
- Bruto winste wat N\$100 miljoen oorskry vir die eerste keer en
- 'n Netto wins na belasting wat N\$20 miljoen oorskry vir die eerste keer

Hierdie dramatiese verbetering is hoofsaaklik as gevolg van die toename in omset en winsgewendheid van die klein- en groothandel afdeling. Hierteenoor kon ons lewendehawe en eiendom afdelings nie in die huidige jaar daarin slaag om op hulle resultate nie te verbeter nie.

Ons moet derhalwe verseker dat die momentum in die klein-/groothandel afdeling behou word terwyl ons nuwe en innoverende maniere ondersoek om die ander twee afdelings te motiveer.

Agra is primarily an agricultural business organization. As such our results are dependent on the agricultural conditions and market forces applicable to Namibia.

The rain season and the movement of meat and agronomic product prices will greatly influence the mood and purchasing power of our largest customer base.

In addition the cost of agricultural inputs globally, the price of oil as well as the movement in the exchange rate of Namibian dollar need to be monitored very closely to ensure optimal purchasing decisions in our organization.

As far as the livestock division is concerned we need to regain lost market share as well as explore and develop new markets and opportunities especially in the Northern areas of Namibia. Agra will have to play an active role in addressing the challenges facing the Livestock sector pertaining to value-addition as well as achieving an amicable long term solution regarding exports of Namibian meat products to the EU and other markets.

We have achieved very good growth rates over the last few years. We will continue to improve our customer service, our product range and our communication with our stakeholders. We will maintain our policy of ploughing back our profits into the Namibian community through various initiatives including marketing activities, sponsorships, corporate social community projects and by allocating bonuses to our Shareholders.

Agra's long term financial sustainability depends on identifying and exploiting business opportunities, (also outside the agricultural environment) which are not exposed to the volatile short term agricultural economic cycles and which contribute towards our mission of achieving growth with a dynamic team providing an excellent service experience.

We are confident that Agra is ready for the challenges and lie ahead and which are summarised in the budgets detailed below.

8. BUDGETS FOR THE YEAR ENDING 31 JULY 2007/2008

8.1 Capital expenditure budget

Fixed property upgrading and extensions to existing branches, namely Mariental, Otjiwarongo and Opuwa and a proposed new branch in Ondangwa make up the bulk of Agra's capital expenditure budget.

Below the summary of the capital expenditure budget.

	2008/2009
	N\$ m
Upgrading and development of fixed property	37.56
Information technology	0.61
Commercial vehicles	0.84
Office furniture and equipment	0.23
Operational assets	2.01
Total	41.25

Agra is primêr 'n landbou besigheids organisasie. As sulks is ons resultate afhanklik van die landbou omstandighede en markkragte van toepassing in Namibia.

Die reën seisoen en die beweging in die vleis en akkerbou produk pryse sal grootliks die moraal en bestedings krag van ons grootste kliënte basis beïnvloed.

Daarby moet die koste van landbou insette wereldwyd, die prys van olie asook die veranderings in die wisselkoers van die Namibiese dollar noukeurig dopgehou word om te verseker dat optimale aankoop besluite in die organisasie geneem word.

Sover dit die lewendehawe afdeling aanbetref moet ons verlore markaandeel herwin en nuwe markte en geleenthede ondersoek en ontwikkel veral in die noordelike dele van Namibia. Agra sal 'n aktiewe rol moet speel om die uitdagings te adresseer wat die lewendehawe sektor het in verband met waardetoevoeging asook 'n langtermyn oplossing vind vir uitvoere van Namibiese vleisprodukte na die EU en ander markte.

Ons het baie goeie groei persentasies behaal oor die laaste paar jare. Ons sal voortgaan om te verbeter op ons kliente diens, ons produkte reeks en kommunikasie met ons belanghebbendes. Ons sal voortgaan met ons beleid om winste terug te ploeg in die Namibiese gemeenskap deur verskeie inisiatiewe wat insluit bemarkingsaktiwiteite, borgskappe, korporatiewe sosiale gemeenskapsprojekte en die toedeling van bonusse aan ons aandeel houers.

Agra se langtermyn finansiële volhoubaarheid hang af van die identifiseering en benutting van besigheids-geleenthede (ook buite die boerdery omgewing) wat nie blootgestel is aan die wisselvallige korttermyn boerderygerigte ekonomiese siklusse nie en wat bydra tot ons missie van om met 'n dinamiese span te groei wat 'n uitstekende diens-ondervinding bied.

Ons is vol vertroue dat Agra gereed is vir die uitdagings wat kom en wat opgesom is in die begrotings uiteengesit hieronder.

8. BEGROTINGS VIR DIE JAAR GEËINDIG 31 JULIE 2007/2008

8.1 Kapitale uitgawe begroting

Die opgradering van vaste eiendom en uitbreidings tot bestaande takke, naamlik Mariental, Otjiwarongo, en Opuwa asook 'n voorgestelde nuwe tak in Ondangwa maak die grootste gedeelte uit van Agra se kapitale uitgawebegroting.

Hier volg 'n opsomming van die kapitale uitgawe begroting

	2007/2008
	N\$ m
Opgradering en ontwikkeling van vaste eiendom	16.54
Inligtingstechnologie	1.33
Handelsvoertuie	1.41
Kantoormeubels en toerusting	0.16
Operasionele bates	1.05
Totaal	20.49

8.2 Operational budget

The proposed operational budget for the year 2008/2009 can be summarised as follows:

8.2 Operasionele begroting

Die voorgestelde operasionele begroting vir die jaar 2007/2008 kan soos volg opgesom word:

	<u>2008/2009</u>	<u>2007/2008</u>	<u>Change</u>	
	<u>N\$ Million</u>	<u>N\$ Million</u>		
Gross value of livestock transactions	578.0	603.5	-4%	Bruto waarde van lewendehawe transaksies
Retail/wholesale/division	597.7	437.2	20%	Klein-/groothandel/afdeling
Total turnover	1 100.9	1 025.1	7%	Totale omset
Cost of sales	(1 072.3)	(1 003.5)	7%	Koste van verkope
Gross profit	103.4	97.4	6%	Bruto wins
Other income	29.8	20.9	43%	Ander inkomste
Gross income	133.2	118.3	13%	Bruto inkomste
Less:				Minus:
Inventory costs	3.0	2.9	2%	Voorraadkoste
Marketing costs	9.1	8.3	10%	Bemarkingskoste
Building costs	15.0	12.7	18%	Gebouekoste
Transport costs	7.3	5.9	25%	Vervoerkoste
Personnel costs	63.0	56.9	11%	Personeelkoste
Directors costs	0.7	0.7	3%	Direkteurskoste
Administration costs	16.1	15.2	6%	Administratiewe koste
Total expenses	114.3	102.6	11%	Totale uitgawes
Profit before finance charges	18.9	15.8	20%	Wins voor finansieringskoste
Finance charges	2.6	3.3	-23%	Finansieringskoste
Net profit before tax	16.3	12.4	32%	Netto wins voor belasting

9. CONCLUSION

We look back at a very successful year for Agra. Everyone of our employees has contributed towards this great achievement, and I would like to thank everyone for his/her special input.

New obstacles, challenges and opportunities will have to be faced in the year ahead. We are ready and eager to continue the growth of our business and to strive to achieve our vision

AGRA – My Choice – My Destination

At this point I would also like to thank the Agra board members for their input and guidance as well as my management team members, who were a continual source of inspiration and support.

To our members and clients: Thank you for your support during the year. We are looking forward to being of service to you in the next years to come.



**PM KAZMAIER
CHIEF EXECUTIVE OFFICER
(HOOF UITVOERENDE BEAMPTE)**

9. SLOT

Ons kan terugkyk op 'n baie suksesvolle jaar vir Agra. Elkeen van ons werknemers het bygedra tot hierdie uitsonderlike prestasie en ek wil elkeen bedank vir sy/haar spesiale bydrae.

Nuwe stuikelblokke, uitdagings en geleenthede sal in die komende jaar die hoof gebied moet word. Ons is gereed en gretig om die groei in ons besigheid voort te sit en te strewe om ons visie te behaal.

AGRA - My Keuse – My Bestemming

Op hierdie stadium wil ek ook die Agra raadlede vir hulle insette en leiding asook my bestuurspanlede, wie 'n voortgesette bron van inspirasie en ondersteuning was.

Ons lede en kliënte: Dankie vir julle ondersteuning deur die jaar. Ons sien uit daarna om u te diens in die komende jaar.

Statement of responsibility by the board of directors

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Agra (Co-operative) Limited and its subsidiaries.

The financial statements, presented on pages 20 to 57 have been prepared in accordance with Namibian Statements of Generally Accepted Accounting Practice and include amounts based on judgements and estimates made by management. The directors also prepared the other information included in the financial statements and annexure thereto and are responsible for both its accuracy and its consistency with the financial statements.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied, except where stated otherwise, and supported by reasonable and prudent judgements and estimates, and that all Namibian Statements of Generally Accepted Accounting Practice that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of the operations for the year and the financial position of the group at year end. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the companies to enable the directors to ensure that the financial statements comply with the relevant legislation.

Agra (Co-operative) Limited and its subsidiaries operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group or any company within the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the co-operative and the group.

The financial statements have been audited by the independent auditors, PricewaterhouseCoopers, which were given unrestricted access to all financial records and related data, including minutes of all meetings of members, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers' audit report is presented on page 20.

The financial statements were approved and authorised for issue by the board of directors on 30 October 2008 and are signed on its behalf by:



R VAN DER MERWE
CHAIRMAN



BH MOUTON
VICE CHAIRMAN

Corporate Governance statement

Agra (Co-operative) Limited and its subsidiaries are committed to the principles of openness, integrity and accountability and the directors recognise the need to conduct the business of the group with integrity and in accordance with generally accepted corporate practices.

1. Board of directors

Agra (Co-operative) Limited has a unitary board structure, which consists only of non-executive directors. The board is balanced so that no individual or small group can dominate decision-making. The board meets regularly and retain full and executive control over the companies concerned. The board monitors its management, ensuring that material matters are subject to board approval. The board reserves to itself a range of key decisions to ensure that it retains proper direction and control of the group. Executive management attends board meetings by invitation.

The roles of chairperson and chief executive do not vest in the same person and the chairperson is a non-executive director. The chairperson and chief executive provide leadership and guidance to the group's board and encourage proper deliberation on all matters requiring the board's attention, and they obtain optimum input from the other directors.

2. Roles and responsibilities of directors

The board has ultimate responsibility for the management and strategic direction of the group, as well as for attending to legislative, regulatory, and best practice requirements. Accountability to members remains paramount in board decisions, and this is balanced against the demands of the regulatory environment in which the group operates, and the concerns of its other stakeholders.

To assist the board in discharging its collective responsibility for corporate governance, several committees have been established, to which certain of the board's responsibilities have been delegated.

3. Risk management and internal control

Effective risk management is integral to the group's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes, and compliance systems. Key policies and procedures in place to manage operating risk involve segregation of duties, transaction authorisation, supervision, monitoring, and financial and managerial reporting.

Financial risk management is dealt with in the financial statements.

To meet its responsibility with respect to providing reliable financial information, Agra (Co-operative) Limited and its subsidiaries maintain financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material loss or unauthorised acquisition, use, or disposal, and that transactions are properly authorised and recorded.

The system includes a documented organisational structure and division of responsibility, established policies, and procedures, including a Code of Ethics to foster a strong ethical climate, which is communicated throughout the group. It also includes the careful selection, training, and development of people.

The internal auditor monitors the operation of the internal control systems and reports findings and recommendations to management and the board of directors. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are identified. The board, operating through its audit committee, provides supervision of the financial reporting process and internal control system.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls.

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances.

A documented and tested business continuity plan exists to ensure the continuity of business-critical activities.

4. Ethical standards

The group has developed a Code of Conduct (the Code), which has been fully endorsed by the board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism.

In summary, the Code requires that, at all times, all personnel act with the utmost integrity and objectivity and in compliance with the letter and the spirit of both the law and group policies. Failure by employees to act in terms of the Code results in disciplinary action.

The directors believe that ethical standards are being met and fully supported by the ethics programme.

5. Accounting and auditing

The board places strong emphasis on achieving the highest level of financial management, accounting, and reporting to shareholders. The board is committed to compliance with Namibian General Accepted Accounting Practices in Namibia.

It is the directors' responsibility to prepare financial statements that fairly present:

- the state of affairs as at the end of the financial year under review;
- profit or loss for the period;
- cash flows for the period; and
- non-financial information.

The external auditors observe the highest level of business and professional ethics and their independence is not impaired in any way.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of members, the board of directors, and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The audit committee set principles that were considered and accepted by the directors for using the external auditors for non-audit services.

Independent auditor's report To the members of Agra (Co-operative) Ltd

Report on the financial statements

We have audited the annual financial statements and group annual financial statements of Agra (Co-operative) Ltd which comprise the directors' report, the balance sheet and group balance sheet as at 31 July 2008, the income statement and group income statement, the statement of changes in equity and group statement of changes in equity, the cash flow statement and group cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, set out on pages 20 to 57.

Directors' responsibility for the financial statements

The co-operative's directors are responsible for the preparation and fair presentation of these financial statements and group annual financial statements in accordance with Namibian Statements of General Accepted Accounting Practice, and in the manner required by the Namibian Co-operatives Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

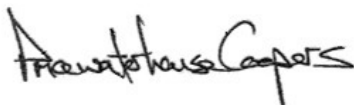
Our responsibility is to express an opinion on these financial statements and group annual financial statements based on our audit. We conducted our audit in accordance with international standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements and group annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements and group annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements and group annual financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the annual financial statements and group annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and group financial statements present fairly, in all material respects, the financial position of the co-operative and group as of 31 July 2008 and of their financial performance and their cash flows for the year then ended in accordance with Namibian Statements of General Accepted Accounting Practice, and in the manner required by the Namibian Co-operatives Act.



PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Windhoek
13 November 2008

Directors' report

The directors herewith submit their report with the annual financial statements of the co-operative and the group for the year ended 31 July 2008.

1. Nature of business

Agra (Co-operative) Limited is the largest multipurpose agricultural co-operative in the country. Agra has branches throughout Namibia providing farming inputs and equipment as well as pet accessories, camping equipment, gardening and household goods. Agra is also the largest auctioneering agent in Namibia.

2. Members

	2008	2007
Members at beginning of year	7 425	7 291
Less: Members who passed away and ceased farming activities	(113)	(82)
Plus: New members	97	216
Members at the end of the year:	<u>7 409</u>	<u>7 425</u>

3. Financial results

Full details of the financial results of the co-operative are set out in the financial statements and notes to the financial statements.

4. Subsidiaries and associates

The co-operative currently has investments in the following subsidiaries:

100%

Agra Verspreiders (Pty) Ltd

Auas Vet Med (Pty) Ltd

Auas Wholesalers (Pty) Ltd

70%

Ondangwa Service Station (Pty) Ltd

Associate company

45%

Wire Industries (Pty) Ltd

Main business:

Selling of camping and outdoor equipment
Selling of veterinary products
Warehousing and distribution

Selling of retail products and fuel

Selling and distribution of steel and fencing materials

The co-operative's interest in the net profit after tax of the subsidiaries amounted to N\$547 083 (2007: a loss of N\$160 749). Please refer to note 29 of the financial statements for more information concerning investments in subsidiaries.

Directors' report (continued)

5. Utilisation of surplus

A distribution of N\$12 million (2007: N\$6.8 million) to members has been approved during the year under review.

6. Share capital

Share capital of N\$48 000 (2007: N\$47 050) was raised and N\$5 450 (2007: N\$4 100) has been redeemed during the year.

7. Directors

Details of the co-operative's directors, secretary and registered office are disclosed with the co-operative's details.

8. Post balance sheet events

No circumstances have arisen, or events occurred, between the balance sheet date and the date of this report in respect of matters which would require adjustment to, or disclosure in, the annual financial statements of the co-operative and the group, or which should be disclosed to the members through some other medium, except as disclosed elsewhere in the financial statements.

Consolidated balance sheet

As at 31 July

	Notes	Consolidated		Co-operative	
		2008 N\$'000	2007 N\$'000	2008 N\$'000	2007 N\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	60 334	54 328	60 320	54 197
Investment properties	6	12 579	13 830	12 579	13 830
Investment in subsidiaries	7	-	-	662	12 972
Investments in associates	8	-	3 212	-	3 212
Deferred income tax asset	9	13 440	12 018	13 381	11 706
Available-for-sale financial assets	10	4 484	4 534	4 484	4 534
		90 837	87 922	91 426	100 451
Current assets					
Non-current assets held for sale	5	2 275	-	2 275	-
Associates held for sale	8	2 816	-	2 816	-
Inventories	11	58 821	48 227	58 153	40 133
Biological assets	12	-	632	-	632
Loans	14	-	-	-	-
Trade and other receivables	13	48 573	37 815	52 983	35 975
Current tax asset		1 056	2 241	1 177	2 241
Cash and cash equivalents	15	34 665	7 172	34 431	7 141
		148 206	96 087	151 835	86 122
Total assets		239 043	184 009	243 261	186 573
EQUITY					
Capital and reserves attributable to equity holders of the Co-operative					
Share capital	16	450	408	450	408
Other reserves	17	18 896	18 896	18 896	18 896
Retained earnings		34 230	25 982	34 080	26 083
		53 576	45 286	53 426	45 387
Minority interest		164	65	-	-
Total equity		53 740	45 351	53 426	45 387
LIABILITIES					
Non-current liabilities					
Bonus shares	31	1 697	1 749	1 697	1 749
Members' funds	18	30 682	20 577	30 682	20 577
Borrowings	19	10 760	12 381	10 760	12 381
Deferred income tax liability	9	15 318	13 822	15 314	13 789
Retirement benefit obligations	20	27 005	25 924	27 005	25 924
		85 462	74 453	85 458	74 420
Current liabilities					
Members' funds	18	-	-	-	-
Trade and other payables	21	93 565	55 986	98 101	55 230
Current tax liabilities		-	3	-	-
Borrowings	19	6 276	8 216	6 276	11 536
		99 841	64 205	104 377	66 766
Total liabilities		185 303	138 658	189 835	141 186
Total equity and liabilities		239 043	184 009	243 261	186 573

Consolidated income statement

Year ended 31 July

	Notes	Consolidated		Co-operative	
		2008	2007	2008	2007
		N\$'000	N\$'000	N\$'000	N\$'000
Revenue		581 110	477 233	527 459	435 503
Cost of goods sold		(469 889)	(384 599)	(430 965)	(354 821)
Gross profit		111 221	92 634	96 494	80 682
Selling and marketing costs		(15 916)	(12 904)	(14 876)	(12 221)
Administrative expenses		(20 175)	(17 624)	(19 036)	(16 405)
Other income	22	19 768	12 568	27 633	19 314
Other expenses		(65 932)	(57 988)	(62 108)	(54 513)
Operating profit	23	28 966	16 686	28 107	16 857
Finance costs	25	(4 577)	(3 142)	(4 564)	(3 188)
Share of (loss)/profit of associates		-	-	-	-
Profit before income tax		24 389	13 544	23 543	13 669
Income tax expense	26	(4 042)	(2 638)	(3 546)	(2 541)
Profit for the year		20 347	10 906	19 997	11 128
Attributable to:					
Equity holders of the co-operative		20 248	10 882	19 997	11 128
Minority interest		99	24	-	-
		20 347	10 906	19 997	11 128

Consolidated statement of changes in equity

Consolidated	Note	Attributable to equity holders of the Co-operative			Minority interest	Total equity
		Share capital	Other reserves	Retained earnings		
		N\$'000	N\$'000	N\$'000		
Balance at 1 August 2006		365	17 886	21 938	62	40 251
Profit for the year		-	-	10 882	24	10 906
Proceeds from shares issued	16	47	-	-	-	47
Shares redeemed	16	(4)	-	-	-	(4)
Transfers to other reserves	17	-	(6)	6	-	-
Fair value gains available-for-sale financial assets (net of tax)	17	-	1 016	-	-	1 016
Distribution to members	18	-	-	(6 844)	-	(6 844)
Dividend paid		-	-	-	(21)	(21)
Balance at 31 July 2007		408	18 896	25 982	65	45 351
Balance at 1 August 2007		408	18 896	25 982	65	45 351
Profit for the year		-	-	20 248	99	20 347
Proceeds from shares issued	16	48	-	-	-	48
Shares redeemed	16	(6)	-	-	-	(6)
Transfers to other reserves	17	-	-	-	-	-
Fair value gains available-for-sale financial assets (net of tax)	16	-	-	-	-	-
Distribution to members	18	-	-	(12 000)	-	(12 000)
Dividend paid		-	-	-	-	-
Balance at 31 July 2008		450	18 896	34 230	164	53 740

Co-operative	Note	Attributable to equity holders of the Co-operative			Minority interest	Total equity
		Share capital	Other reserves	Retained earnings		
		N\$'000	N\$'000	N\$'000		
Balance at 1 August 2006		365	17 886	21 793	-	40 044
Profit for the year		-	-	11 128	-	11 128
Proceeds from shares issued	16	47	-	-	-	47
Shares redeemed	16	(4)	-	-	-	(4)
Transfers to other reserves	17	-	(6)	6	-	-
Fair value gains available-for-sale financial assets (net of tax)	17	-	1 016	-	-	1 016
Distribution to members	18	-	-	(6 844)	-	(6 844)
Balance at 31 July 2007		408	18 896	26 083	-	45 387
Balance at 1 August 2007		408	18 896	26 083	-	45 387
Profit for the year		-	-	19 997	-	19 997
Proceeds from shares issued	16	48	-	-	-	48
Shares redeemed	16	(6)	-	-	-	(6)
Transfers to other reserves	17	-	-	-	-	-
Fair value gains available-for-sale financial assets (net of tax)	17	-	-	-	-	-
Distribution to members	18	-	-	(12 000)	-	(12 000)
Balance at 31 July 2008		450	18 896	34 080	-	53 426

Consolidated cash flow statement

Year ended 31 July

	Note	Consolidated		Co-operative	
		Year ended 31 July		Year ended 31 July	
		2008	2007	2008	2007
		N\$'000	N\$'000	N\$'000	N\$'000
Cash flows from operating activities					
Cash generated from operations	27	42 776	10 743	32 672	12 808
Interest received	22	4 285	2 078	5 132	2 043
Interest paid	25	(4 577)	(3 142)	(4 564)	(3 188)
Dividends paid to minority interests		-	(21)	-	-
Income tax paid	27	(3 228)	(2 102)	(3 074)	(1 798)
Net cash generated from operating activities		(39 256)	7 556	30 166	9 876
Cash flows from investing activities					
Purchases of property, plant and equipment (PPE)	5	(8 249)	(10 396)	(8 352)	(10 373)
Proceeds from sale of PPE		-	37	-	34
Purchases of investment property	6	-	-	-	-
Proceeds from sale of investment property		-	225	-	225
Purchases of available for sale investments		-	-	-	-
Proceeds on disposal of financial assets		50	-	50	-
Decrease / (Increase) in loan to associate	8	396	(14)	396	(14)
Loans repaid/(advanced) by/(to) subsidiaries	7	-	-	12 310	(3 106)
Net cash used in investing activities		(7 803)	(10 148)	4 404	(13 234)
Cash flows from financing activities					
Change in share capital	16	42	43	42	43
Bonus shares repaid	31	(52)	(77)	(52)	(77)
Proceeds from borrowings	19	(2 910)	(2 856)	(2 910)	(2 856)
Members' funds distribution paid to members	18	-	(6 500)	-	(6 500)
Members' funds repaid	18	(389)	(584)	(389)	(584)
Net cash (used in)/from financing activities		(3 309)	(9 974)	(3 309)	(9 974)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		28 144	(12 566)	31 261	(13 343)
Cash, cash equivalents and bank overdrafts at beginning of the year		1 853	14 419	(1 498)	11 845
Cash, cash equivalents and bank overdrafts at end of the year	15	29 997	1 853	29 763	(1 498)

Notes to the consolidated financial statements (continued)

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The consolidated financial statements of Agra (co-operative) Ltd and its subsidiaries ("the group") have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and financial assets and financial liabilities at fair value through profit or loss and available for sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Statements, amendments and interpretations effective for the year ending 31 July 2008:

IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the co-operative's financial instruments, or the disclosures relating to taxation and trade and other payables.

Statements, amendments and interpretations effective for the year ending 31 July 2008, but not relevant to the group:

IFRIC 10 (AC 443), Interim Financial Reporting and Impairment (effective from 1 November 2006); and

IFRIC 11 (AC 444), IFRS 2 – Group and Treasury Share Transactions (effective from 1 March 2007).

Management assessed the relevance of these amendments and interpretations with respect to the operations of the co-operative and concluded that they are not relevant to the co-operative.

Standards, interpretations and amendments to published standards that are not yet effective:

At the date of authorisation of these annual financial statements, the following Standards and interpretations were in issue but not yet effective, and were not early adopted:

IAS 1 (Revised), Amendment to IAS 1 Presentation of Financial Statements - Capital Disclosures (effective from 1 January 2009);

IAS 14 (Revised), Segment Reporting (effective from 1 January 2009);

IAS 23 (Revised), Borrowing costs (effective from 1 January 2009);

IAS 27 (Revised), Consolidated and separate financial statements and accounting for investments in subsidiaries (effective from 1 July 2009);

IAS 32 (Amended), Financial instruments: Presentation (effective from 1 January 2009);

Notes to the consolidated financial statements (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued):

IFRS 2 (Amended), Share based payments vesting conditions (effective from 1 January 2009);

IFRS 3 (Revised) Business Combinations - Comprehensive revision on applying the acquisition method (effective from 1 July 2009);

IFRS 8, Operating Segments (effective from 1 January 2009);

IFRIC 12, Service Concession Arrangements (effective from 1 January 2008);

IFRIC 13, Customer Loyalty Programmes (effective from 1 July 2008);

IFRIC 14, The limit on a defined benefit asset, minimum funding requirements and their interaction (effective from 1 January 2008).

IFRIC 15, Agreements for the construction of real estates (effective 1 January 2009); and

IFRIC 16, Hedges of a net investment in a foreign operation (effective 1 October 2008).

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(b) Transactions and minority interests

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority interests result in gains and losses for the group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Notes to the consolidated financial statements (continued)

1.2 Consolidation

(c) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

(d) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.3 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

– Buildings	50 years
– Office and other equipment	3-10 years
– Motor vehicles	5 years

Notes to the consolidated financial statements (continued)

1.3 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

These are included in the income statement.

1.4 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated group, is classified as investment property.

Investment property comprises freehold land, freehold buildings, land held under operating lease and buildings held under finance lease.

Land held under operating lease is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

Investment property held for sale without redevelopment is classified within non-current assets held for sale, under IFRS 5 (AC 142).

Notes to the consolidated financial statements (continued)

1.5 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years).

1.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.7 Financial assets

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Notes to the consolidated financial statements (continued)

1.7 Financial assets (continued)

(c) Available-for-sale financial assets (continued)

Regular purchases and sales of investments are recognised on trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of monetary securities classified as available-for-sale and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.9 Biological assets

Biological assets are stated at fair value less estimated point-of-sale cost. Fair value changes are recognised in the income statement. All expenses incurred in establishing and maintaining the assets is recognised in the income statement. All costs incurred in acquiring biological assets are capitalised. Finance charges are not capitalised.

Notes to the consolidated financial statements (continued)

1.10 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

1.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1.12 Share capital

Ordinary shares are classified as equity.

1.13 Bonus shares

Bonus shares consist of ordinary shares converted to bonus shares where members' shareholding exceeded 50 shares and allocation of profits according to the directors' discretion in terms of paragraph 23.7 of the By-laws of the co-operative. Any bonus share may not be repaid, transferred or withdrawn unless a period of at least five years have expired since allocation and as may be approved in the discretion of the board, or in terms of the provisions of section 54 of the Co-operatives Act, or unless a member's estate is sequestrated or wound up or a member dies. Bonus shares are recognised initially at fair value, net of transaction costs incurred. Bonus shares are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

1.14 Members' funds

The co-operative may declare bonuses to members. The bonuses not paid out are deemed to be a source of finance.

Members' funds are recognised initially at fair value, net of transaction costs incurred. Members' funds are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

1.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

1.16 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes to the consolidated financial statements (continued)

1.17 Employee benefits

(a) Pension obligations

Group companies participate in a pension scheme. The group has a defined contribution plan. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(b) Other post-employment obligations

The group provides post-retirement healthcare benefits to some of their retirees. Employees who have joined the group after 1 August 1998 do not receive any post-retirement benefits. The entitlement to these benefits is conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to income over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related post-retirement obligation.

(c) Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the co-operative's members after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1.18 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated sales within the group. Revenue is recognised as follows:

(a) Sales of goods

Sales of goods are recognised when significant risk and rewards of ownership of the goods are transferred to the buyer.

(b) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

Notes to the consolidated financial statements (continued)

1.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1.21 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation for the current year.

2. Financial risk management

2.1 Overview

In the normal course of its operations, the co-operative and the group are exposed to market risk (including price risk and cash flow interest rate risk), liquidity and credit risk. The co-operative's and group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the co-operative's and group's financial performance. The co-operative and the group manage these risks as follows:

(a) Market risk

(i) Foreign exchange risk

The co-operative and group are not exposed to foreign exchange risk as all sales are invoiced and collected in Namibian dollar.

(ii) Price risk

The co-operative and the group are operating in the retail/wholesale sector where prices fluctuate from time to time, depending on supply and demand. The co-operative and the group are therefore exposed to the risk of fluctuating sales/purchase prices.

Sensitivity analysis

The table below summarises the impact of increases/decreases of the average price of products on the co-operative's and group's post-tax profit for the year. The analysis is based on the assumption that prices had increased/decreased by 1% with all other variables held constant.

Consolidated

	Effect on profit 2008		Effect on profit 2007	
	1% increase N\$'000	1% decrease N\$'000	1% increase N\$'000	1% decrease N\$'000
Revenue	581 110	581 110	477 233	477 233
Adjustment to revenue	5 811	(5 811)	4 772	(4 772)
Adjusted revenue	586 921	575 299	482 005	472 461
Cost of sales	(469 889)	(469 889)	(384 599)	(384 599)
Adjustment to cost of sales	(4 699)	4 699	(3 846)	3 846
Adjusted cost of sales	(474 588)	(465 190)	(388 445)	(380 753)

Notes to the consolidated financial statements (continued)

2. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

Co-operative

	Effect on profit 2008		Effect on profit 2007	
	1% increase	1% decrease	1% increase	1% decrease
Revenue	527 459	527 459	435 503	435 503
Adjustment to revenue	5 275	(5 275)	4 355	(4 355)
Adjusted revenue	532 734	522 184	439 858	431 148
Cost of sales	(430 965)	(430 965)	(354 821)	(354 821)
Adjustment to cost of sales	(4 310)	4 310	(3 548)	3 548
Adjusted cost of sales	(435 275)	(426 655)	(358 369)	(351 273)

(b) Operational risk

(i) Interest rate risk

As the co-operative and the group have no significant interest-bearing assets, the co-operative's and group's income and operating cash flows are substantially independent of changes in market interest rates.

Consolidated

	More than 12 months N\$'000	Less than 12 months N\$'000	Total N\$'000
As at 31 July 2008			
Cash and cash equivalents	-	34 665	34 665
Non-current borrowings	(10 760)	-	(10 760)
Current borrowings	-	(6 276)	(6 276)
	<u>(10 760)</u>	<u>28 389</u>	<u>17 629</u>

As at 31 July 2007

Cash and cash equivalents	-	7 172	7 172
Non-current borrowings	(12 381)	-	(12 381)
Current borrowings	-	(8 216)	(8 216)
	<u>(12 381)</u>	<u>(1 044)</u>	<u>(13 425)</u>

Co-operative

	More than 12 months N\$'000	Less than 12 months N\$'000	Total N\$'000
As at 31 July 2008			
Cash and cash equivalents	-	34 431	34 431
Non-current borrowings	(10 760)	-	(10 760)
Current borrowings	-	(6 276)	(6 276)
	<u>(10 760)</u>	<u>28 155</u>	<u>17 395</u>

Notes to the consolidated financial statements (continued)

2. Financial risk management (continued)

(b) Operational risk

(i) Interest rate risk (continued)

As at 31 July 2007

	More than 12 months N\$'000	More than 12 months N\$'000	More than 12 months N\$'000
Cash and cash equivalents	-	7 141	7 141
Non-current borrowings	(12 381)	-	(12 381)
Current borrowings	-	(11 536)	(11 536)
	<u>(12 381)</u>	<u>(4 395)</u>	<u>(16 776)</u>

The co-operative's and group's trade and other receivables and trade and other payables do not expose the co-operative or the group to any significant interest rate risks due to their short term non-interest nature.

The following table below summarises the effective interest rate for monetary financial instruments:

	Consolidated		Co-operative	
	2008	2007	2008	2007
	%	%	%	%
Cash and cash equivalents	15.25%	14.25%	15.25%	14.25%
Bank overdrafts	15.25%	14.25%	15.25%	14.25%
Current borrowings	<u>13.27%</u>	<u>12.40%</u>	<u>13.27%</u>	<u>12.40%</u>

(ii) Cash flow sensitivity analysis for floating interest rate bearing instruments.

A change of 100 basis points in interest rates at the reporting date would have increased or decreased accumulated funds and surplus by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2007.

Consolidated	Effect on profit 2008		Effect on profit 2007	
	100bp increase in market N\$'000	100bp decrease in market N\$'000	100bp increase in market N\$'000	100bp decrease in market N\$'000
Cash and cash equivalents	15	(15)	32	(32)
Bank overdrafts	(48)	48	(65)	65
Borrowings	<u>(130)</u>	<u>130</u>	<u>(132)</u>	<u>132</u>

Co-operative	Effect on profit 2008		Effect on profit 2007	
	100bp increase in market N\$'000	100bp decrease in market N\$'000	100bp increase in market N\$'000	100bp decrease in market N\$'000
Cash and cash equivalents	14	(14)	20	(20)
Bank overdrafts	(48)	48	(65)	65
Borrowings	<u>(130)</u>	<u>130</u>	<u>(132)</u>	<u>132</u>

Notes to the consolidated financial statements (continued)

2. Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the co-operative and group aim at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the co-operative's and group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Consolidated

	Less than 1 year N\$'000	Between 1 and 2 years N\$'000	Between 2 and 5 years N\$'000	Over 5 years N\$'000
As at 31 July 2008				
Bonus shares	69	69	207	1 352
Membership funds	526	526	1 578	29 104
Borrowings	6 276	1 790	8 575	2 574
Trade and other payables	93 565	-	-	-

As at 31 July 2007

Bonus shares	69	69	207	1 404
Membership funds	526	526	1 578	17 947
Borrowings	11 496	2 858	8 575	948
Trade and other payables	55 968	-	-	-

Co-operative

	Less than 1 year N\$'000	Between 1 and 2 years N\$'000	Between 2 and 5 years N\$'000	Over 5 years N\$'000
As at 31 July 2008				
Bonus shares	69	69	207	1 352
Membership funds	526	526	1 578	29 104
Borrowings	6 276	1 790	8 575	2 574
Trade and other payables	98 101	-	-	-

As at 31 July 2007

Bonus shares	52	69	207	1 404
Membership funds	526	526	1 578	17 947
Borrowings	11 496	2 858	8 575	948
Trade and other payables	55 230	-	-	-

(d) Credit risk

The co-operative and group have no significant concentrations of credit risk. The co-operative and group have policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The co-operative and group have policies that limit the amount of credit risk exposure to any one financial institution, and cash transactions are limited to high credit quality financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Notes to the consolidated financial statements (continued)

2. Financial risk management (continued)

(d) Credit risk (continued)

	Consolidated		Co-operative	
	Carrying amount		Carrying amount	
	2008	2007	2008	2007
	N\$'000	N\$'000	N\$'000	N\$'000
Available-for-sale investments	4 484	4 534	4 484	4 534
Trade and other receivables	48 573	37 815	52 983	35 975
Cash and cash equivalents	34 665	7 172	34 431	7 141
Total	87 722	49 521	91 898	47 650

The co-operative's and group's standard credit terms are 30 days after statement. The ageing of the components of trade receivables at year end was:

Consolidated

	Gross	Impairment	Gross	Impairment
	2008	2008	2007	2007
	N\$'000	N\$'000	N\$'000	N\$'000
Trade debtors				
Not past due	14 519	(535)	12 456	(354)
Past due – 0 to 30 days	4 015	(902)	3 447	(118)
Past due – 31 to 60 days	1 296	-	2 015	(104)
Past due – 61 to 180 days	1 111	(752)	1 601	(58)
More than 181 days	3 480	(1 024)	4 905	(1 545)
Total	24 421	(3 213)	24 424	(2 179)
Livestock debtors				
Not past due	18 265	(46)	6 536	(319)
Past due – 0 to 10 days	2 912	-	9 096	(649)
Past due – 11 to 20 days	3 650	-	1 630	(77)
Past due – 21 to 30 days	493	(20)	372	(22)
More than 31 days	8 732	(7 542)	5 185	(2 977)
Total	34 052	(7 608)	22 820	(4 044)
Other debtors				
Not past due	918	-	1 069	-
Past due – 0 to 30 days	-	-	-	-
Past due – 31 to 180 days	-	-	-	-
Past due – 181 to 365 days	-	-	-	-
More than 1 year	-	-	-	-
Total	918	-	1 069	-

Notes to the consolidated financial statements (continued)

2. Financial risk management (continued)

(d) Credit risk (continued)

Co-operative

	Gross	Impairment	Gross	Impairment
	2008	2008	2007	2007
	N\$'000	N\$'000	N\$'000	N\$'000
Trade debtors				
Not past due	18 705	(535)	6 905	(320)
Past due – 0 to 30 days	4 216	(902)	2 980	(109)
Past due – 31 to 60 days	1 283	-	1 868	(66)
Past due – 61 to 180 days	1 115	(752)	1 554	(58)
More than 181 days	3 363	(872)	4 655	(1 279)
Total	28 682	(3 061)	17 962	(1 832)

Co-operative

	Gross	Impairment	Gross	Impairment
	2008	2008	2007	2007
	N\$'000	N\$'000	N\$'000	N\$'000
Livestock debtors				
Not past due	18 265	(46)	6 536	(319)
Past due – 0 to 10 days	2 912	-	9 096	(649)
Past due – 11 to 20 days	3 650	-	1 630	(77)
Past due – 21 to 30 days	493	(20)	372	(22)
More than 31 days	8 732	(7 542)	5 185	(2 977)
Total	34 052	(7 608)	22 820	(4 044)

Other debtors

Not past due	918	-	1 069	-
Past due – 0 to 30 days	-	-	-	-
Past due – 31 to 180 days	-	-	-	-
Past due – 181 to 365 days	-	-	-	-
More than 1 year	-	-	-	-
Total	918	-	1 069	-

The movement in the provision for impairment on accounts receivable during the year was as follows:

	Consolidated		Co-operative	
	2008	2007	2008	2007
	N\$'000	N\$'000	N\$'000	N\$'000
Opening balance	6 223	6 629	5 876	6 234
Written off	(4 965)	(2 679)	(4 905)	(2 525)
Additional provision (reversed)/raised	9 563	2 273	9 698	2 167
Closing balance	10 821	6 223	10 669	5 876

Notes to the consolidated financial statements (continued)

2. Financial risk management (continued)

(d) Credit risk (continued)

Based on past experience, the co-operative and group believe that no allowance is required in respect of debtors that are past due and outstanding for less than 90 days.

The co-operative and group have not renegotiated the term of receivables and do not hold any collateral or guarantees as security.

Financial assets

The co-operative and the group limit their exposure to credit risk by investing in high-quality credit worthy counterparties. Given these high credit ratings, the directors do not expect any counterparty to fail to meet its obligations.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Counterparties without external credit rating net of provision for impairment:

	Consolidated		Co-operative	
	2008	2007	2008	2007
	N\$'000	N\$'000	N\$'000	N\$'000
Available-for-sale financial assets	4 484	4 534	4 484	4 534
Trade and other receivables	48 573	37 815	52 983	35 975
Cash and cash equivalents	34 665	7 172	34 431	7 141
	<u>87 712</u>	<u>49 521</u>	<u>91 898</u>	<u>47 650</u>

3. Fair value estimation and capital risk management

3.1 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

3.2 Capital risk management

The co-operative's and group's objectives when managing capital are to safeguard the co-operative's and group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the co-operative and group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the consolidated financial statements (continued)

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Property, Plant and Equipment

Property, plant and equipment is depreciated over its estimated useful lives, after taking into consideration the residual value of the assets at the end of its useful lives. The useful lives and residual values are based on industry knowledge. The carrying amount of property, plant and equipment is disclosed in note 5.

(b) Investment properties

Investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. The carrying amount of investment properties is disclosed in note 6. Deferred tax is provided on revaluations at the corporate tax rate, since the value of the buildings will be realised through usage. If the investment properties would have been realised through sale, no tax would have been payable, which would have resulted in a decrease of the taxation charge of N\$1.6 million.

(c) Members' funds

The directors have discounted the members' fund at 9.5% (2007: 9%) which equals the government bond yield in South Africa. Given that there is no well developed bond market in Namibia, the directors deem this rate appropriate in Namibia as well, since a liability is being valued, an adjustment for risk is not necessary.

Date and demographic assumptions	2008	2007
* Number of members	7 409	7 425
* Average age	54.8	54.0
* Mortality	2%	2% p.a.
* Discount rate	9.5%	9%
* Time before cessation of farming activities	4 yrs	5 yrs
* Settlement note for next 5 years as a result of resignation, cessation and redemption:	40%	40%

(d) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The group has used discounted cash flow analysis for various available-for-sale financial assets that were not traded in active markets.

Notes to the consolidated financial statements (continued)

5. Property, plant and equipment

Consolidated	Land & buildings	Office and other equipment	Motor vehicles	Total
	N\$'000	N\$'000	N\$'000	N\$'000
At 1 August 2006				
Cost	43 502	16 534	4 053	64 089
Accumulated depreciation	(1 855)	(13 640)	(2 753)	(18 248)
Net book amount	41 647	2 894	1 300	45 841
Year ended 31 July 2007				
Opening net book amount	41 647	2 894	1 300	45 841
Additions	8 061	1 177	1 158	10 396
Disposals	-	-	(3)	(3)
Depreciation charge	(237)	(1 037)	(632)	(1 906)
Closing net book amount	49 471	3 034	1 823	54 328
At 31 July 2007				
Cost	51 563	17 634	5 207	74 404
Accumulated depreciation	(2 092)	(14 600)	(3 384)	(20 076)
Net book amount	49 471	3 034	1 823	54 328
Year ended 31 July 2008				
Opening net book amount	49 471	3 034	1 823	54 328
Additions	5 626	1 550	1 073	8 249
Disposals	-	(26)	-	(26)
Depreciation charge	(348)	(1 166)	(703)	(2 217)
Closing net book amount	54 749	3 392	2 193	60 334
At 31 July 2008				
Cost	57 189	17 925	6 280	81 394
Accumulated depreciation	(2 440)	(14 533)	(4 087)	(21 060)
Net book amount	54 749	3 392	2 193	60 334

Rent received from properties classified as property, plant and equipment amounted to N\$2.44 million (2007: N\$3.56 million). Certain of the land and buildings have been encumbered as set out in note 19.

Notes to the consolidated financial statements (continued)

5. Property, plant and equipment (continued)

Co-operative	Land & buildings	Office and other equipment	Motor vehicles	Total
	N\$'000	N\$'000	N\$'000	N\$'000
At 1 August 2006				
Cost	43 502	16 365	3 981	63 848
Accumulated depreciation	(1 855)	(13 594)	(2 719)	(18 168)
Net book amount	41 647	2 771	1 262	45 680
Year ended 31 July 2007				
Opening net book amount	41 647	2 771	1 262	45 680
Additions	8 061	1 155	1 157	10 373
Disposals	-	-	-	-
Depreciation charge	(237)	(1 001)	(618)	(1 856)
Closing net book amount	49 471	2 925	1 801	54 197
At 31 July 2007				
Cost	51 563	17 444	5 138	74 145
Accumulated depreciation	(2 092)	(14 519)	(3 337)	(19 948)
Net book amount	49 471	2 925	1 801	54 197
Year ended 31 July 2008				
Opening net book amount	49 471	2 925	1 801	54 197
Additions	5 626	1 644	1 082	8 352
Disposals	-	(26)	-	(26)
Depreciation charge	(348)	(1 161)	(694)	(2 203)
Closing net book amount	54 749	3 382	2 189	60 320
At 31 July 2008				
Cost	57 189	17 890	6 230	81 309
Accumulated depreciation	(2 440)	(14 508)	(4 041)	(20 899)
Net book amount	54 749	3 382	2 189	60 320

Land and buildings comprise numerous properties spread throughout Namibia. Detailed information is maintained in a register which is open for inspection by members and their authorised agents at the co-operative's registered office. Certain of the land and buildings have been encumbered as set out in note 19.

Rent received from properties classified as property, plant and equipment amounted to N\$3.45 million (2007: N\$4.26 million).

Notes to the consolidated financial statements (continued)

6. Investment properties

	Consolidated		Co-operative	
	2008	2007	2008	2007
	N\$'000	N\$'000	N\$'000	N\$'000
Year ended 31 July				
At beginning of year	13 830	14 925	13 830	14 925
Additions	-	-	-	-
Transfer to property, plant and equipment	-	-	-	-
Disposal	-	(737)	-	(737)
Net gain/(loss) from fair value adjustments on investment property	1 024	(358)	1 024	(358)
At end of year	14 854	13 830	14 854	13 830
Non-current assets				
Investment property	12 579	13 830	12 579	13 830
Current assets				
Non-current assets held for sale	2 275	-	2 275	-

Erf 426 in Otavi was disposed on 1 September 2008 for N\$3.5 million. The carrying value of the property at year-end was N\$2 275 272. This property has been transferred from investment properties to non-current assets held for sale on the face of the balance sheet.

The investment properties were valued by the directors on 31 July 2008 at open market value, taking into account external valuations and municipality valuations. Rent received from investment properties amounted to N\$2.74 million (2007: N\$2.04 million).

7. Investments in subsidiaries

	Co-operative	
	2008	2007
	N\$'000	N\$'000
Shares at cost and directors' valuation	501	1
Loans	161	12 971
End of the year	662	12 972

The loans bear interest at prime overdraft rate (2007: prime overdraft rate) which was 15.25% (2007: 14.25%) at year-end. For more information regarding the subsidiaries, refer to the directors' report and note 29.

Loans to the subsidiaries amounting to N\$211 775 (2007: N\$252 319) have been subordinated to the other creditors of the subsidiaries.

Notes to the consolidated financial statements (continued)

8. Investments in associates

	Consolidated and Co-operative	
	2008	2007
	N\$'000	N\$'000
Shares at cost and directors' valuation	-	-
Loan to associate	875	875
Current account of associate	1 941	2 337
End of year	2 816	3 212

The loan is unsecured, bears interest at 15.25% (2007: 14.25%) and has no fixed terms of repayment.

The summarised financial information of the associate company at year-end, is as follows:

Balance sheet information:

Property, plant and equipment	341	458
Current assets	8 447	8 680
Non-current liabilities	-	-
Current liabilities	(7 772)	(9 876)
Deferred tax asset	586	586

Income statement information:

Revenue	26 671	27 874
Net profit for the year	1 742	201

Negotiations for the selling of the 45 shares Agra (Co-operative) Ltd holds in Wire Industries (Pty) Ltd to AgriWire (Pty) Ltd have been finalised on 1 September 2008. Arrangements are effective from 1 August 2008. The selling price of the shares were N\$2 168 164.

9. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Consolidated		Co-operative	
	2008	2007	2008	2007
	N\$'000	N\$'000	N\$'000	N\$'000
<i>Deferred tax assets:</i>				
Impairment and other allowances	3 686	2 881	3 627	2 569
Lease deposits	-	-	-	-
Retirement benefit obligation	9 452	9 074	9 452	9 074
Amounts received in advance	302	63	302	63
Gross calculated tax losses	-	-	-	-
	13 440	12 018	13 381	11 706
<i>Deferred tax liabilities:</i>				
Capital allowances – vehicles and equipment	(1 013)	(891)	(1 009)	(858)
Capital allowances – buildings	(12 519)	(11 098)	(12 519)	(11 098)
Consumables	(163)	(201)	(163)	(201)
Fair value adjustment on available for sale reserve	(358)	(547)	(358)	(547)
Actuarial adjustment on members fund valuation	(1 625)	(1 085)	(1 625)	(1 085)
	(15 318)	(13 822)	(15 314)	(13 789)

Notes to the consolidated financial statements (continued)

9. Deferred income tax (continued)

	Consolidated		Co-operative	
	2008	2007	2008	2007
	N\$'000	N\$'000	N\$'000	N\$'000
The gross movement on the deferred income tax account is as follows:				
Beginning of the year	(1 805)	1 188	(2 083)	1 005
Statement of changes in equity	-	(547)	-	(547)
Income statement charge (Note 26)	(63)	(2 446)	160	(2 541)
Prior period adjustment	(10)		(10)	-
End of the year	(1 878)	(1 805)	1 933	(2 083)

10. Available-for-sale financial assets

Shares at fair value and market value:

Listed:

At beginning of year	14	15	14	15
Impairment	-	(1)	-	(1)
At end of year	14	14	14	14

Shares at fair value and directors' valuation:

Unlisted:

At beginning of year	4 520	2 957	4 520	2 957
Additions	-	-	-	-
Disposals	(50)	-	(50)	-
Revaluation surplus transfer to equity	-	1 563	-	1 563
Impairment	-	-	-	-
At the end of year	4 470	4 520	4 470	4 520

Total

4 484	4 534	4 484	4 534
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The fair value for listed shares has been determined by reference to bid prices on the Johannesburg Securities Exchange at year-end. The fair value of unlisted shares has been determined according to most recent trading prices and net asset value.

	Consolidated		Co-operative	
	2008	2007	2008	2007
	N\$'000	N\$'000	N\$'000	N\$'000

11. Inventories

Goods for sale	59 455	48 325	58 779	39 954
Consumables	466	574	466	574
Less: Provision for obsolete stock	(1 100)	(672)	(1 092)	(395)
End of year	58 821	48 227	58 153	40 133

12. Biological assets

Livestock	-	632	-	632
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Notes to the consolidated financial statements (continued)

	Consolidated		Co-operative	
	2008	2007	2008	2007
	N\$'000	N\$'000	N\$'000	N\$'000

13. Trade and other receivables

Trade receivables	58 476	42 392	62 734	40 782
Less: provision for impairment of receivables	(10 821)	(6 223)	(10 669)	(5 876)
Trade receivables – net	47 665	36 169	52 065	34 906
Other debtors	918	1 105	918	1 069
Receiver of Revenue – VAT	-	541	-	-
	48 573	37 815	52 983	35 975

The accounts receivable balance has been ceded to Bank Windhoek Limited as security for the bank overdraft facilities. On year-end the bank overdraft facilities utilised by the group amounted to N\$5.3 million and by the co-operative amounted to N\$8.64 million (2007: group - N\$5.3 million and co-operative - N\$8.64 million), refer to note 19.

Interest is charged on overdue trade debtors at a rate of prime plus 3% (2007: prime plus 3%) and on overdue livestock debtors at a rate of prime plus 5% (2007: prime plus 3%).

At year-end the carrying amounts of the accounts receivable approximate their fair values due to the short-term maturities of these assets.

14. Loans

Loan to Bloukop Voerkraal (Pty) Ltd	100	100	100	100
Loan to Consolidated Sugar Industries (Namibia) (Pty) Ltd	-	2 541	-	2 541
	100	2 641	100	2 641
Less: provision for impairment of loan	(100)	(2 641)	(100)	(2 641)
	-	-	-	-

The loans are unsecured, interest free and have no fixed terms of repayment.

15. Cash and cash equivalents

Favourable bank balances	27 457	1 600	27 224	1 600
Petty cash	20	21	19	21
Cash on hand	7 188	5 551	7 188	5 520
	34 665	7 172	34 431	7 141

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

Cash and cash equivalents	34 665	7 172	34 431	7 141
Bank overdraft (refer note 19)	(4 668)	(5 319)	(4 668)	(8 639)
	29 997	1 853	29 763	(1 498)

Notes to the consolidated financial statements (continued)

16. Share capital

	Consolidated and Co-operative	
	2008	2007
	N\$'000	N\$'000
At the beginning of the year	408	365
– Proceeds from shares issued	48	47
– Shares redeemed	(6)	(4)
At the end of the year	<u>450</u>	<u>408</u>

The nominal value of each ordinary share is N\$1, payable in full on application and is limited to 500 shares (previously 50 shares) per member.

17. Other reserves

Consolidated and Co-operative:	Fair value reserve	General reserve	Fair value reserve	Deferred expenditure fund	Total
	Investment properties		Available for sale		
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Balance at 1 August 2006	2 976	10 917	-	3 993	17 886
Movements year ended 31 July 2007	(6)	-	1 016	-	1 010
Balance year ended 31 July 2007	<u>2 970</u>	<u>10 917</u>	<u>1 016</u>	<u>3 993</u>	<u>18 896</u>
Transfer to retained earnings	-	-	-	-	-
Fair value movement	-	-	-	-	-
Balance year ended 31 July 2008	<u>2 970</u>	<u>10 917</u>	<u>1 016</u>	<u>3 993</u>	<u>18 896</u>

18. Members' funds

	Consolidated and Co-operative	
	2008	2007
	N\$'000	N\$'000
Opening balance	20 577	21 721
Repaid due to resignation	(389)	(585)
Distribution paid out to members	-	(6 500)
Distribution declaration	12 000	6 844
Unwinding of discount (note 25)	1 835	1 271
Actuarial fair value adjustment (note 22)	(3 341)	(2 174)
	<u>30 682</u>	<u>20 577</u>

Notes to the consolidated financial statements (continued)

18. Members' funds (continued)

	Consolidated and Co-operative	
	2008	2007
	N\$'000	N\$'000
Non-current	30 682	20 577
Current	-	-
	30 682	20 577

If the financial structure of the co-operative justifies the refund of contributions, such refunds shall be made on rotation or on death of the member or when member ceases farming activities and refund is approved by the members at a general meeting on recommendation of the board. There is no interest payable on members' funds. The members' funds are discounted since it does not contain a demand feature. Also refer to note 4 (c) Critical accounting estimates and judgements regarding the assumptions used to calculate the fair value of the members' funds.

19. Borrowings

	Consolidated		Co-operative	
	2008	2007	2008	2007
	N\$'000	N\$'000	N\$'000	N\$'000
<i>Non-current:</i>				
Secured				
Bank borrowings	10 760	12 381	10 760	12 381
Total secured non-current	10 760	12 381	10 760	12 381
<i>Current:</i>				
Secured				
Bank borrowings	1 568	2 857	1 568	2 857
Bank overdraft	4 668	5 319	4 668	8 639
Total secured	6 236	8 176	6 236	11 496
Unsecured				
Other	40	40	40	40
Total unsecured	40	40	40	40
Total current	6 276	8 216	6 276	11 536
Total borrowings	17 036	20 597	17 036	23 917

Bank borrowings are due to Bank Windhoek Limited (2007: Standard Bank Namibia Limited) and are secured by a first continuing covering mortgage bond of N\$20 million (2007: N\$20 million) over certain land and buildings included in property, plant and equipment with a net book value of N\$35 079 642 (2007: N\$34 493 980). The loans bear interest at a rate of 13.27% p.a. (87% of prime overdraft rate) (2007: 12.40% p.a. (87% of prime overdraft rate) compounded monthly, payable on a monthly basis. The capital is repayable in 72 (2007: 64) monthly capital instalments of N\$249 179 (2007: N\$238 235).

The bank overdraft is secured by means of a cession of trade and livestock debtors to Bank Windhoek Limited.

Notes to the consolidated financial statements (continued)

19. Borrowings (continued)

	Consolidated and Co-operative	
	2008	2007
	N\$'000	N\$'000
The maturity of bank borrowings is as follows:		
Not later than one year	1 568	2 857
Later than one year, but not later than five years	8 186	11 433
Later than five years	2 574	948
	12 328	15 238
The effective interest rates at the balance sheet date were as follows:		
Bank borrowings	13.27%	12.40%
Bank overdraft	15.25%	14.25%

The carrying amounts and fair value of the non-current borrowings and current borrowings approximates its fair value.

20. Retirement benefit obligations

<i>Post-employment medical benefits</i>	Consolidated and Co-operative	
	2008	2007
	N\$'000	N\$'000
Movement in the liability recognised in the balance sheet:		
Beginning of the year	25 924	24 202
Benefits paid	(2 119)	(1 951)
Total expense – as shown below	3 200	3 673
End of the year	27 005	25 924

Post-employment medical benefits

The group operates a post-employment medical benefit scheme. The method of accounting, assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes. The valuation on post-retirement benefits is based on generally accepted actuarial methodology and long-term valuation assumptions.

	Consolidated and Co-operative	
	2008	2007
	N\$'000	N\$'000
The amounts recognised in the income statement were as follows:		
Current service cost	47	97
Interest cost	2 461	1 863
Benefits paid	(2 119)	(1 951)
Benefit and assumption changes	-	-
Net actuarial losses recognised in year	880	1 713
Total, included in staff costs (Note 24)	1 269	1 722

Notes to the consolidated financial statements (continued)

20. Retirement benefit obligations (continued)

	Consolidated and Co-operative	
	2008	2007
<i>The principal actuarial assumptions used for accounting purposes were:</i>		
Real rate of return	3.9%	3.8%
Discount rate	9.5%	9.0%
Price inflation rate	5.6%	5.2%

Sensitivity analysis

If rates changed by one percentage point, the retirement benefit obligation would have been as follows:

Real rate of return decrease to 4.9%	N\$ 24.9 m	N\$ 28.3 m
Real rate of return increase to 2.9%	N\$ 29.4 m	N\$ 23.9 m

Current employee members:

Particulars in respect of the current employee members belonging to the medical aid for which Agra has a post-retirement medical aid liability as at the balance sheet date are as follows:

Number of employees	6	8
Average age (years)	60	60

Current pensioner members:

Details of the current pensioner members belonging to the medical aid fund are as follows:

Number of employees	105	103
Average age (years)	70	70

Employees who have joined Agra after 1 August 1998 do not receive any post-retirement medical aid benefits.

21. Trade and other payables

	Consolidated		Co-operative	
	2008	2007	2008	2007
	N\$'000	N\$'000	N\$'000	N\$'000
Trade payables	71 971	40 066	76 535	40 694
Receiver of Revenue – VAT	1 570	876	1 599	683
Other creditors	6 451	5 483	6 438	4 887
Leave pay accrual	3 045	2 721	3 018	2 535
Incentive and annual bonus accrual	10 528	6 840	10 511	6 431
End of year	93 565	55 986	98 101	55 230

At year-end the carrying amounts of the accounts payable approximate their fair values due to the short-term maturities of these liabilities.

Notes to the consolidated financial statements (continued)

22. Other income

	Consolidated		Co-operative	
	2008 N\$'000	2007 N\$'000	2008 N\$'000	2007 N\$'000
Dividends received	-	-	-	49
Interest received	4 285	2 078	5 132	2 043
Rent received	5 173	5 596	5 915	6 302
Management fees	219	209	6 629	5 807
Bonuses received	369	323	369	323
Bad debts recovered	1 113	1 310	992	1 308
Profit on sale of investment	2 025	-	2 025	-
Profit on disposal of fixed assets	-	34	-	34
Revaluation of investment properties	1 024	-	1 024	-
Actuarial gain on members' loans valuation	3 341	2 174	3 341	2 174
Other income	2 219	844	2 206	1 274
	19 768	12 568	27 633	19 314

23. Expenses by nature

Depreciation on property, plant and equipment	2 217	1 906	2 203	1 856
Impairment of loans (Note 14)	-	100	-	100
Employee benefit expense (Note 24)	60 604	52 490	57 414	49 771
Cost of sales	469 889	384 599	430 965	354 821
Municipality costs	3 075	2 703	2 784	2 499
Advertising costs	3 058	7 662	3 000	6 821
Auditors remuneration				
- for the year	497	416	444	305
- for other services	45	112	22	87
Directors costs	634	670	634	670
Repairs and maintenance	2 950	3 065	2 907	3 028
Loss on sale of investment property	-	512	-	512
Loss on revaluation of investment property	-	358	-	358
Loss on sale of assets	26	-	26	-
Insurance	1 525	1 656	1 417	1 530
Other expenses	27 418	16 866	25 169	15 602
Total cost of goods sold, marketing, distribution costs and administrative expenses	571 912	473 115	526 985	437 960
Number of employees	446	389	429	353

Notes to the consolidated financial statements (continued)

	Consolidated		Co-operative	
	2008 N\$'000	2007 N\$'000	2008 N\$'000	2007 N\$'000
24. Employee benefit expense				
Wages and salaries	33 926	29 689	31 792	27 839
Allowances and other costs	5 982	6 110	5 730	5 868
Bonuses	11 239	6 758	10 797	6 558
Social security costs	122	96	112	88
Pension costs – defined contribution plans	2 220	3 697	2 070	3 463
Medical aid fund – contributions	5 846	4 418	5 644	4 233
Other post-employment benefits (Note 20)	1 269	1 722	1 269	1 722
	60 604	52 490	57 414	49 771

25. Net finance costs

Interest expense:

– Bank borrowings	2 711	1 634	2 711	1 680
– Accounts payable	32	237	18	237
– Unwinding of discount (note 18)	1 834	1 271	1 835	1 271
	4 577	3 142	4 564	3 188

26. Income tax expense

Current tax	3 967	192	3 696	-
Prior period adjustment	10	-	10	-
Deferred tax (Note 9)	64	2 446	(160)	2 541
	4 041	2 638	3 546	2 541

Reconciliation of taxation on the group's / co-operative's profit before tax with the tax charge in the income statement:

Profit before tax	24 389	13 544	23 543	13 669
Tax calculated at 35% (2007: 35%)	8 536	4 740	8 240	4 785
Income not subject to tax	-	(22)	-	(22)
Income tax deducted on distribution to members	(4 200)	(2 395)	(4 200)	(2 395)
Expenses not deductible for tax purposes	199	160	-	138
Permanent difference	(471)	-	(471)	-
Deferred tax prior year tax adjustment	(23)	155	(23)	35
Tax charge	4 041	2 638	3 546	2 541
Gross calculated tax losses available for utilisation against future taxable income	-	3 742	-	3 742
Less: Applied during the year	-	(3 742)	-	(3 742)
Net calculated tax losses carried forward	-	-	-	-
Tax relief calculated at current tax rates	-	-	-	-

Notes to the consolidated financial statements (continued)

27. Cash generated from operations

	Consolidated		Co-operative	
	2008	2007	2008	2007
	N\$'000	N\$'000	N\$'000	N\$'000
Profit before income tax	24 389	13 544	23 543	13 670
Adjustments for:				
– Depreciation (Note 5)	2 217	1 906	2 203	1 856
– Available for sale impairment (Note 10)	-	-	-	-
– Loss / (Profit) on sale of property, plant and equipment	26	(34)	26	(34)
– Provision for impairment of receivables	4 598	(406)	4 793	(358)
– Provision for impairment of loans originated	-	100	-	100
– Actuarial valuation on Members' fund	(1 506)	(903)	(1 506)	(903)
– Increase/(decrease) in retirement benefit	1 269	1 722	1 269	1 722
– Loss on sale of investment property	-	512	-	512
– Profit on sale of available for sale investment	-	-	-	-
– Net fair value gains on investment properties	(1 024)	358	(1 024)	358
– Interest income (Note 22)	(4 285)	(2 078)	(5 132)	(2 043)
– Interest expense (Note 25)	4 577	3 142	4 564	3 188
Changes in working capital:				
– Other non-cash flow items	253	-	253	-
– Inventories	(10 594)	(11 461)	(18 020)	(9 387)
– Biological assets	632	3 030	632	3 030
– Trade and other receivables	(15 356)	3 487	(21 801)	2 797
– Trade and other payables	37 580	(2 176)	42 872	(1 700)
Cash generated from operations	42 776	10 743	32 672	12 808

Reconciliation of taxation paid during the year

Tax balance at the beginning of the year	(2 102)	(331)	(1 798)	(443)
Current tax expense for the year	3 967	192	3 696	-
Tax balance at the end of the year	1 056	2 241	1 177	2 241
	2 921	2 102	3 075	1 798

Notes to the consolidated financial statements (continued)

28. Commitments

Capital commitments

	Consolidated		Co-operative	
	2008	2007	2008	2007
	N\$'000	N\$'000	N\$'000	N\$'000
Capital expenditure contracted	4 584	-	4 584	-
Capital expenditure approved by the directors, not yet contracted	12 624	20 690	11 104	20 491

Finance will be provided by working capital generated by the group.

Operating lease commitments – where a group company is the lessee

The group leases various retail outlets under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The group also leases various plant and machinery under cancellable operating lease agreements. The group is required to give a six-month notice for the termination of these agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

No later than 1 year	49	452	49	452
Later than 1 year and no later than 5 years	30	165	30	165
Later than 5 years	-	-	-	-

The future minimum lease receivables under operating leases are as follows:

No later than 1 year	1 819	3 403	1 819	3 403
Later than 1 year and no later than 5 years	2 105	4 860	2 105	4 860
Later than 5 years	-	-	-	-

Guarantees

Agra (Co-operative) Ltd guarantees the following liabilities:

- The bank overdrafts of the associated company, Wire Industries (Pty) Ltd, amounting to N\$3 million (2007: N\$3 million). At year-end the bank overdraft of Wire Industries amounted to N\$0.621 million (2007: N\$2.099 million).

The co-operative has a contingent liability in favour of Standard Bank Namibia Limited in respect of guarantees supplied by the bank on behalf of the co-operative.

These guarantees are:

Department of Water Affairs	68	68	68	68
Meat Board	25	25	25	25
Customs and Excise	200	200	200	200
Nampower	-	29	-	29

The co-operative has a contingent liability in favour of Bank Windhoek Limited in respect of guarantees supplied by the bank on behalf of the co-operative.

Customs and Excise	500	-	500	-
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Notes to the consolidated financial statements (continued)

29. Related-party transactions

The co-operative is the holding company of the following entities:

	Co-operative		Co-operative	
	Share capital		Loans to / (from)	
	2008	2007	2008	2007
<i>Subsidiaries</i>	N\$'000	N\$'000	N\$'000	N\$'000
Agra Verspreiders (Pty) Ltd	-	-	-	4 764
SWA Amalgameerde Afslaers (Pty) Ltd	-	-	-	-
Auas Vet Med (Pty) Ltd	-	-	-	539
Auas Wholesalers (Pty) Ltd	500	-	(500)	7 340
Ondangwa Service Station (Pty) Ltd	1	1	211	328
	1	1	(289)	12 971
<i>Associate company</i>				
Wire Industries (Pty) Ltd	-	-	2 816	3 212

The following transactions were carried out with related parties:

Purchases from:

Agra Verspreiders (Pty) Ltd	6 096	6 300
Auas Vet Med (Pty) Ltd	105	105
Auas Wholesalers (Pty) Ltd	37 082	32 448
Wire Industries (Pty) Ltd	17 519	17 379

Interest received:

Agra Verspreiders (Pty) Ltd	318	252
Auas Vet Med (Pty) Ltd	65	43
Auas Wholesalers (Pty) Ltd	699	474
Wire Industries (Pty) Ltd	470	174

Management fees received from:

Agra Verspreiders (Pty) Ltd	1 705	1 668
Auas Vet Med (Pty) Ltd	30	18
Auas Wholesalers (Pty) Ltd	4 266	3 618
Ondangwa Service Station (Pty) Ltd	408	293

Notes to the consolidated financial statements (continued)

29. Related-party transactions (continued)

	Co-operative	
	2008	2007
	N\$'000	N\$'000
<i>Dividends received from:</i>		
Ondangwa Service Station (Pty) Ltd	-	49
<i>Rental income received from:</i>		
Agra Verspreiders (Pty) Ltd	334	313
Auas Vet Med (Pty) Ltd	74	69
Auas Wholesalers (Pty) Ltd	297	292
Ondangwa Service Station (Pty) Ltd	36	33
Wire Industries (Pty) Ltd	269	249
iii) Key management compensation		
Salaries and other short-term employee benefits		3 467
Allowances and other costs		1 302
Bonuses		957
Social security		2
Pension costs – defined contribution plan		422
Medical aid fund contributions and allowances		97
Total		6 247
iv) Directors' remuneration		
Honoraria	463	511
Travel costs	171	159
Total	634	670

30. Pension scheme

All of the group's permanent employees are members of the Agra Retirement Fund which is a defined contribution fund governed by the Pension Funds Act of Namibia. A statutory actuarial valuation was carried out on 30 April 2007. In the actuary's opinion the fund was in a sound financial position. The employer is currently contributing at a rate of 15% of total salaries.

31. Bonus shares

	Consolidated and Co-operative:	
	2008	2007
	N\$'000	N\$'000
At the beginning of the year	1 749	1 826
– Shares redeemed	(52)	(77)
At the end of the year	1 697	1 749

The fair value of the bonus shares equal their carrying amount, as the impact of discounting is immaterial.