



SERVICE·RANGE·COUNTRYWIDE

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Agra reports good financial results: gross profit increase of 25% !

The year under review can once again be described as a very satisfactory one, with a special milestone being reached, namely the fact that gross turnover for the co-operative for the year exceeded the N\$1 billion mark for the first time at N\$1 115 million (2006: N\$912 million). This represents an increase of 22% over last year. At the same time, gross profit for the group increased by 25 % from N\$74,0 million in 2006 to N\$92,6 million in 2007

According to Agra's CEO, Peter Kazmaier, the implementation of a new computer system in March 2006 as well as various initiatives to improve customer service, communication (both internal and external) and focussed marketing activities were the main contributors to the improved sales and gross profit performance.

Profit before tax was N\$13,6 million for the co-operative (2006: N\$16,2 million) and N\$13,5 million for the group (2006: N\$16,4 million).

Karakul pelt quantities sold at the first two auctions in Copenhagen during September 2006 and April 2007 amounted to 112 463 pelts which reflects an increase of 2% for this financial year compared to 109 807 pelts sold during the year ending July 2006. Unit prices per pelt however increased dramatically from an average of N\$339,30 in the previous financial year to N\$479,11, an increase of 41%. At the September 2007 auction, subsequent to the financial year under review, pelt prices decreased again.

During 2006/2007 the Agra ALCO feedlot at Mariental was closed down and subsequently rented out to a third party. This action was necessary due to the fact that continuous losses were incurred by the feedlot since October 2006.

Notwithstanding the less favourable market conditions and the fact that losses were incurred at the ALCO feedlot, the overall livestock division reports a net operating surplus (before head office charges) of N\$7,4 million compared to N\$8,3 million in 2006. This represents a decline of 11%.

The retail division (excluding Safari Den) turnover this year amounted to N\$404 million compared to N\$314 million in 2006, an increase of 29%, achieved although competition in

AGRA CO-OPERATIVE LIMITED

(Registered under Co-operative Act no 23 of 1996 – F02/98)

Private Bag: 12011, 8 Bessemer St. Windhoek, Namibia, Tel: +264 61 290 9111, Fax: +264 61 290 9277, E-mail: info@agra.com.na, Website:

www.agra.com.na

the market place remained fierce for most of the products sold by Agra.

According to Agra's chairman, Ryno van der Merwe, in contrast to the previous year, most parts of Namibia received less than average rainfall this year. The less favourable production environment, as well as the decrease and sideways movement of meat prices, resulted in financial pressure on the farming community. The rising input costs of fodder and lick, fuel as well as rising interest rates put enormous pressure on the real returns and profitability of the farmer. Against this background the positive financial results Agra achieved must be seen as commendable.

"However, to remain competitive, thinking has to remain new and innovative and strategies must be adjusted to exploit new opportunities, where necessary. The challenge is not only to remain in business, but to be competitive and profitable, as one of the bigger and more important role players in the Namibian agricultural business and economy," says van der Merwe.

Ends

For further information: Birgit Hoffmann / Flip de Bruyn

Enclosed in PDF format: Agra annual report