AGRA **Limited**

ANNUAL REPORT

31 July 2018

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Agra is a multipurpose agricultural, rent and consulting group of companies and has branches throughout Namibia providing auction and related services, farming inputs and equipment as well as pet accessories, camping equipment, arms and ammunition, gardening and household goods.
Directors	N.A.R. van der Merwe (Chairman) B.H. Mouton (Vice chairman) J. Woermann B. Amuenje Adv. C.E. van der Westhuizen A. Steyn
Registered office	Shop 48, Second floor Old Power Station Complex Armstrong street Windhoek
Bankers	Bank Windhoek Limited First National Bank of Namibia Limited Nampost Savings Bank Standard Bank Namibia Limited
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors
Secretary	Bonsai Secretarial Compliance Services
Company registration number	2010/0406
Transfer secretary	Transfer Secretaries (Pty) Ltd, 4 Robert Mugabe Avenue, P.O. Box 2401, Windhoek, Namibia. Registration number 93/713
Sponsor	Namibia Equity Brokers (Pty) Ltd, Second Floor Maerua Office Tower, Jan Jonker Road, P.O. Box 27, Windhoek, Namibia. Registration number 98/463

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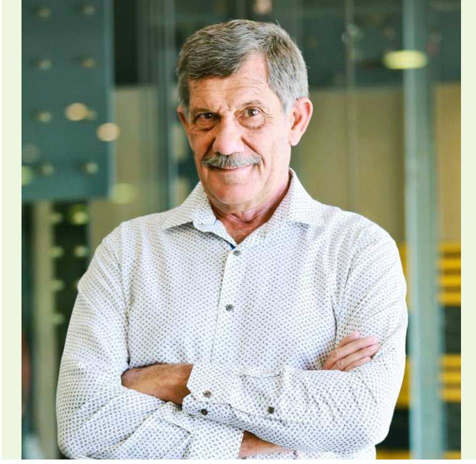
The reports and statements set out below comprise the annual financial statements presented to the shareholders:

The following supplementary information does not form part of the annual financial statements and is unaudited:

CHAIRMAN'S REPORT



We as Agra, do not blame the past or our circumstances, but are focused to use these challenges to identify new opportunities to grow our business.

- RYNO VAN DER MERWE
AGRA BOARD CHAIRMAN

On 24 August 2018, Agra celebrated its 37th year of existence in Namibia. Agra has built a prolific history over these years, establishing itself as a major role player in the agricultural sector. As a well-known and respected Namibian agri business, the company has developed into a sustainable, profitable business growing steadily to become one of the biggest agricultural businesses in Namibia. The company, which was established in 1980, has grown from strength to strength and is grateful and proud to have come through trials and tribulations, becoming a company that is an indispensable part of the entire Namibian community, employs more than 800 Namibians and plays a major role in the Namibian economy. One of Agra's 6 core values, is "We all serve". Agra strives to employ well trained and knowledgeable staff, providing our clients with excellent customer service at all times.

In order to create a sustainable business, Agra has diversified into various other initiatives that is aligned to our core business. The various divisions such as Agra Retail and Wholesale, Agra Auctions, Agra Properties and Agra ProVision support the agricultural sector and allows the company to expand the value added to our clients' core business, and helping the client to stay focused on their primary business. The erratic weather patterns have a deteriorating effect on the production environment and together with the rising input costs, require extraordinary skills of producers to be profitable. Despite these unfavorable conditions and the slow-down in the economy that affected Agra's business, we are focused on our core business, the agricultural sector and our clients.

Furthermore, the contribution of agriculture to the GDP decreased from 8% in 1994 to 4,5% in 2017. The challenge is to increase productivity and agricultural production and to unlock value in the value chains to the benefit of all the participants in the value chain.

Despite the economic recession and the challenges in the agricultural sector, there are still opportunities to grow our business. We as Agra, do not blame the past or our circumstances, but are focused to use these challenges to identify new opportunities to grow our business.

As a proudly Namibian company, we believe in the future of agriculture and our country. During the 2018 financial period, Agra continued to support and invest in training, infrastructure and our people.

This included:
The upgrading and expansion of the Otavi and Maltahohe branches as well as upgrading of the Grootfontein Auction facilities.

Agra ProVision supports the agricultural sector through training and mentorship on all aspects of agriculture, including farm infrastructure, animal health and animal husbandry.

Agra constantly re-invests into our people through regular training initiatives such as client service training, knowledge and skills improvement through product training and the development of our management team through leadership training.

As a responsible corporate citizen, Agra remains committed to support individuals, communities and the environment through donations to projects such as the supporting of farmers associations and the upgrading of the Otavi community sports grounds (Social Report).

Although Agra did not achieve the set budget during the 2017/18 financial year, the company showed good performance under the current challenging economic conditions, focusing on the basics and our core business. Our risk and compliance division proactively identified and manages potential risks in order to minimize the company's exposure to financial losses.

The Board of Directors declared a dividend of N$6.0 million for the 2017/18 financial period compared to N$6.1 million for the 2016/17 period.

During the next financial period, Agra will focus on core agricultural activities and maximizing the potential and opportunities that the current economic climate provides. We are positive about the future and look forward to expand our product- and service offering to our clients.

The biggest threat and challenge of our time is inequality and poverty. All of us, each and every Namibian has a responsibility to actively initiate and support any activity that works towards the eradication of inequality and poverty.

I want to thank Government and especially the Head of State for his leadership towards building a successful nation. We are more than grateful that, under his guidance, we can enjoy peace and stability in Namibia. This creates trust for local and foreign investors to invest in Namibia to grow the economy and develop our country, creating employment and wealth.

I would like to thank all of Agra's loyal customers for your support during the year, your patience during the implementation of the new ERP system and renovations at several branches. We are confident that the improved business environment will enhance our customers' shopping experience.

As already mentioned, it was a challenging year for Agra to perform under difficult economic conditions. Therefore, we appreciate the commitment, leadership and ownership of our CEO, Arnold Klein, to walk the extra mile, supported by his Exco, and all our employees for your loyalty and hard work. You make us proud.

Thank you to the board members for your support, inputs and loyalty to take Agra forward. As a Board, we believe in the future, creating a better life for all Namibians.

RYNO VAN DER MERWE
AGRA BOARD CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REPORT

Embracing the challenges and opportunities we were faced with, we are grateful to have again achieved good financial results."

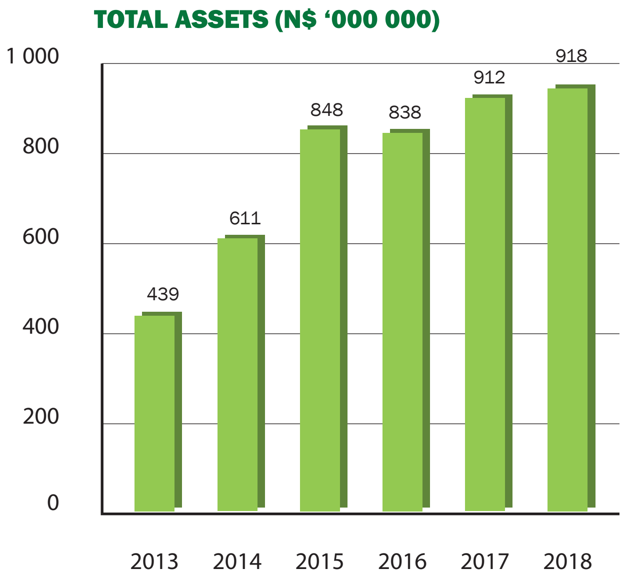
- ARNOLD KLEIN
CHIEF EXECUTIVE OFFICER

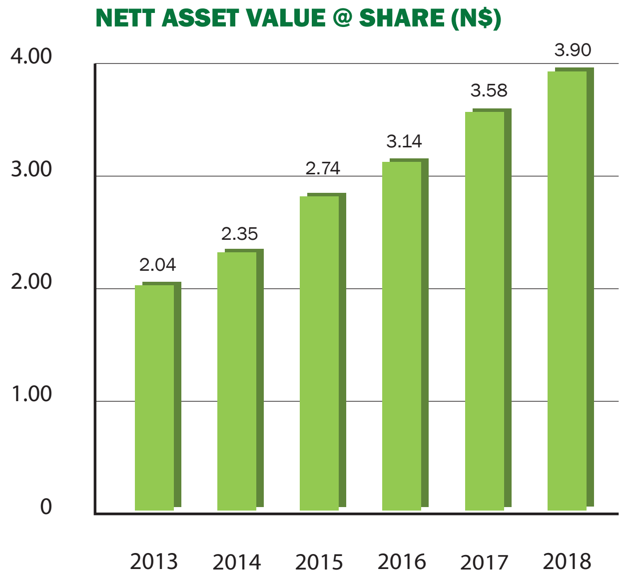
As a proudly Namibian company with a network of 26 retail, wholesale and specialised outlets country wide, Agra has established itself as a significant Namibian business who prides itself with a broad shareholder base of 4,032 shareholders and a staff complement of 813. The Agra business model is rooted in agriculture, which is very close to our hearts. We value its significant contribution to the economy, and most importantly the role it plays towards food security in this country.

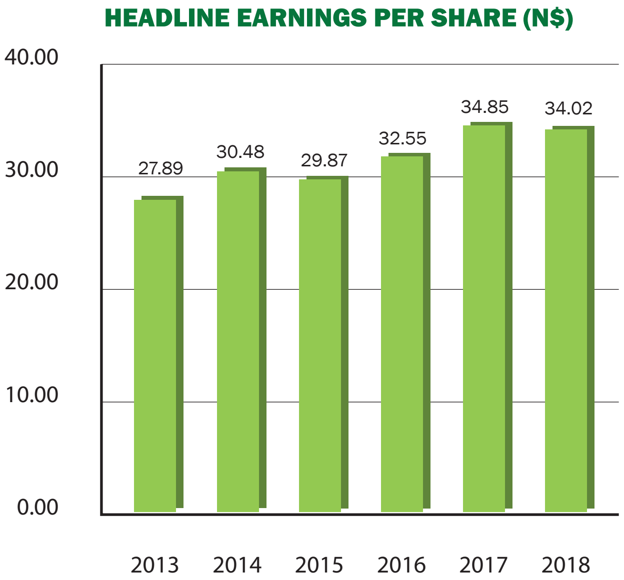
Namibian businesses were faced with a down turn in the Namibian economy since early 2016. The contraction in the economy had a severe impact on our Retail & Wholesale business in the year under review, despite the fact that we can report a positive growth in our market share in most of the categories. Global warming and climate change resulted in severe drought conditions experienced mostly in the southern and western parts of the country since 2013. Uncertainty created by the land reform debate and concerns regarding farm safety also impacted negatively on agricultural producer spending, more specifically on farm inputs related to capital improvements. A correction in the producer price for cattle, coupled with an increase in market share, had a very positive impact on the performance of our Auctions division. Embracing the challenges and opportunities we were faced with, we are grateful to have again achieved good financial results. We are proud to reflect on the highlights and achievements of the 2017/18 financial year:

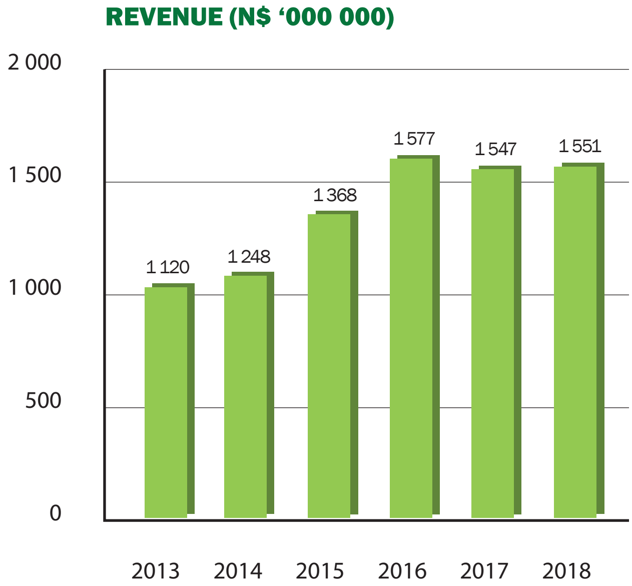
- The Agra weaner auctions of 2017 were successfully concluded in the first quarter of the financial year under review, with numbers significantly higher compared to the previous year due to the effect of the of the border closure in the previous year and the substantial increase in the price for weaner calves. The 2018 weaner auctions kicked off in the last quarter of the 2017/18 financial year, with prices averaging slightly above N$30 per kg for weaner calves and weaner numbers were in line with the previous year.
- On the 13th of July 2018 a record number of 3,281 weaner calves were sold at the Gobabis weaner auctions. The previous record high of 3,019 was achieved during July 2017 at the Otjiwarongo weaner auction.
- The upgrade of the Otavi branch with the new feed store was completed at the end of 2017, whilst the completion of the new Maltahöhe Branch was achieved early 2018.
- Agra once again participated in the ***Deloitte Best Company to Work For*** survey and was awarded the seal of excellence. Agra was placed amongst the top three ***Deloitte Best Companies to Work For*** in Namibia in October 2017 for the fifth consecutive year.
- Agra Limited's importance and contribution to agriculture was once again recognised by the annual PMR (Performance Management Review) Awards. Agra scooped 3 Diamond Arrow Awards, and improvement from the previous year.

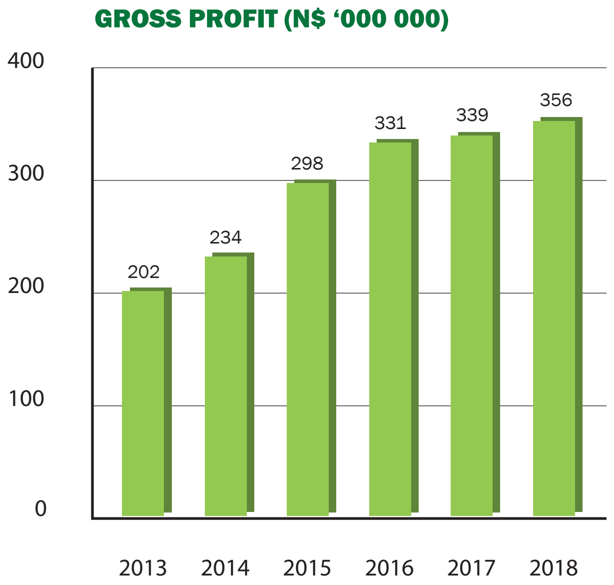
Below are graphs illustrating some of the highlights:

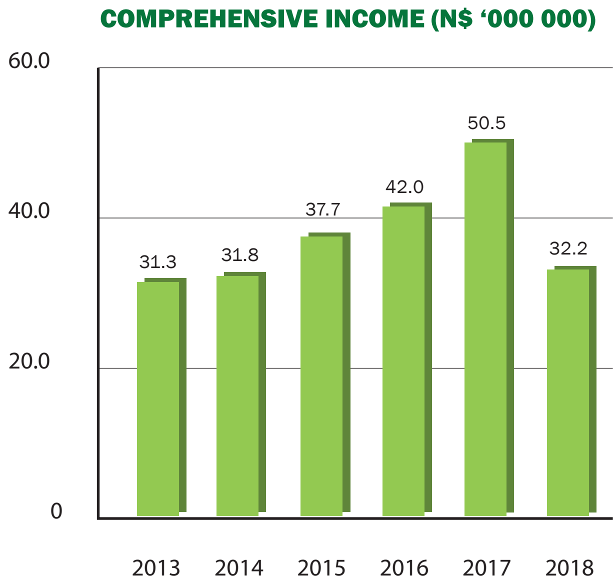












FINANCIAL OVERVIEW

In accordance with IFRS 8, Agra has adopted the segment reporting in our annual financial statement from the previous financial year ending July 2017.

As there are however significant differences between the segment report and our internal management reports, used to measure the performance of the individual divisions, I have used the figures as per our internal management reports for this report. This was also the basis for my previous report, and therefor prevents conflicting figures.

Differences between the management reports and segment reports include, but are not limited to consolidation journals (including the removal of internal charges such as rental, and intercompany sales), and reclassifications. The segment report is for the group and consolidates the operational results of different companies into one division. Another variance is the auctions divisions revenue accounted for as gross revenue in the management reports and not only the net revenue (commissions received) as in the financials. This is as the segment report was aligned to the statement of profit or loss and other comprehensive income, which is compliant to the IFRS standards.

Revenue for the Group increased from N$1,547 million to N$1,551 million in 2017/18, an increase of 0.3%. The Auction division had a record year with an increase in revenue of 40.5%, while the revenue of the Retail and Wholesale division decreased with 2.1% for the year under review. The performance of the different divisions is highlighted in the paragraphs below.

The gross profit for the Group increased from N$339 million to N$356 million in 2017/18, an increase of 5.1%.

The operating expenses for the Group increased from N$273 million to N$289 million in 2017/18, an increase of 5.9%.

The finance costs of the Group increased from N$29.0 million in 2016/17 to N$30.5 million in 2017/18, an increase of 5.1%, mainly as a result of the increase in the bank overdraft facility throughout the year under review. The net repayment on borrowings amounted to N$40.8 million for 2017/18 compared to N$42.5 million the previous year.

Fair value adjustments on investment properties amounted to N$76 thousand for 2017/18 compared to N$16.3 million in 2016/17.

The total comprehensive income for the Group amounted to N$32.2 million for the year under review, compared to N$50.5 million in 2016/17, a decline of N$18.3 million.

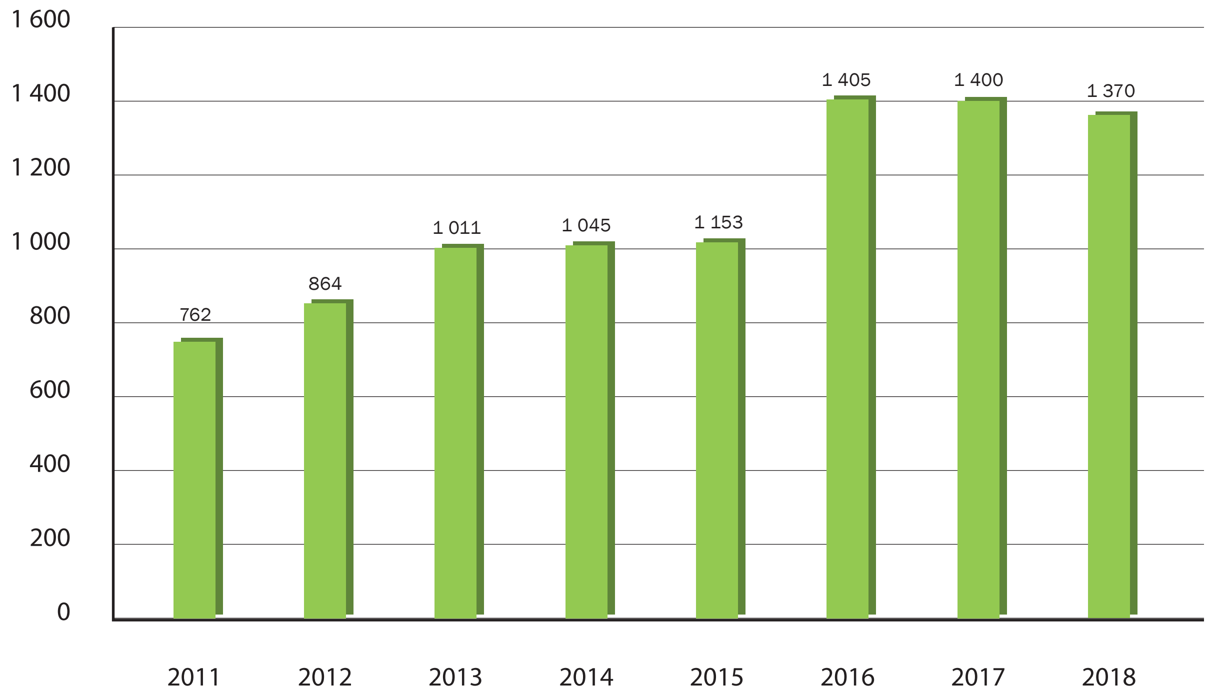
1. RETAIL AND WHOLESALE DIVISION

This division comprises of all the Agra retail branches, Auas Wholesalers, Safari Den and Auas Vet Med, and forms part of Agra's core business. The current challenging economic circumstances, which also had a negative impact in the previous financial year, continued in the year under review, resulting in a decrease in revenue by 2.1% from N$1,400 million the previous year, to N$1,370 million in 2017/18.

Operational expenses decreased from N $181 million in 2016/17 to N$176 million in 2017/18, a decrease of 2.8%.

As a result, the net operating profit before head office expenses decreased with 10.7% from N$64.3 million in 2016/17 to N $57.5 million in 2017/18.

TURNOVER (N$ '000 000)

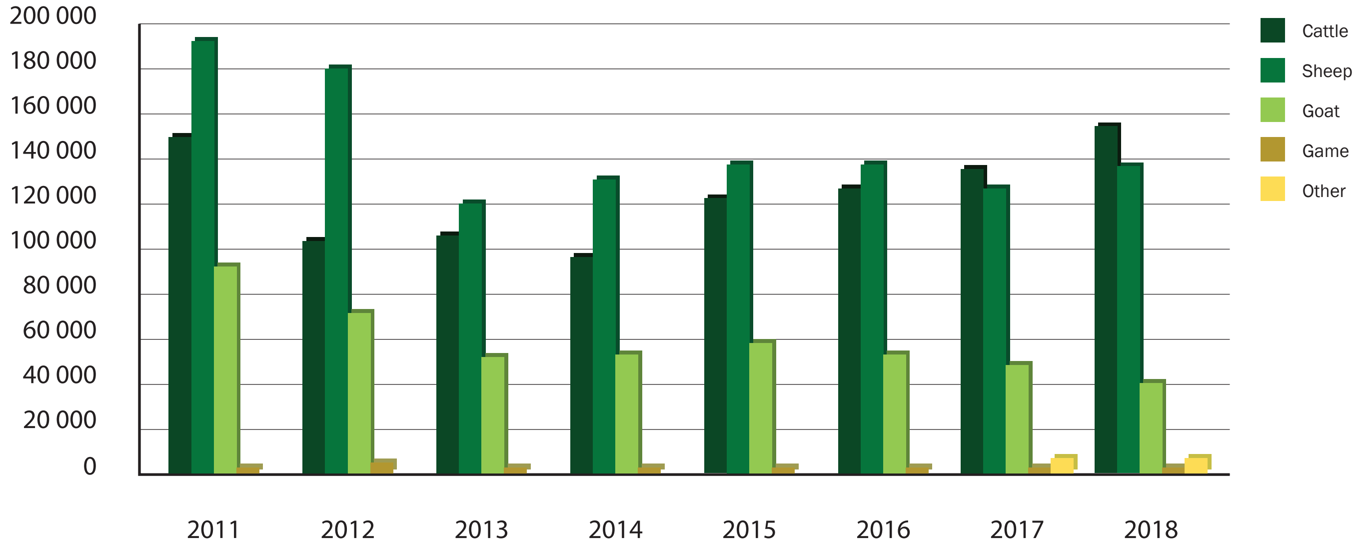


2. AGRA AUCTIONS DIVISION

The number of animals marketed during the 2017/18 financial year:

HEADS

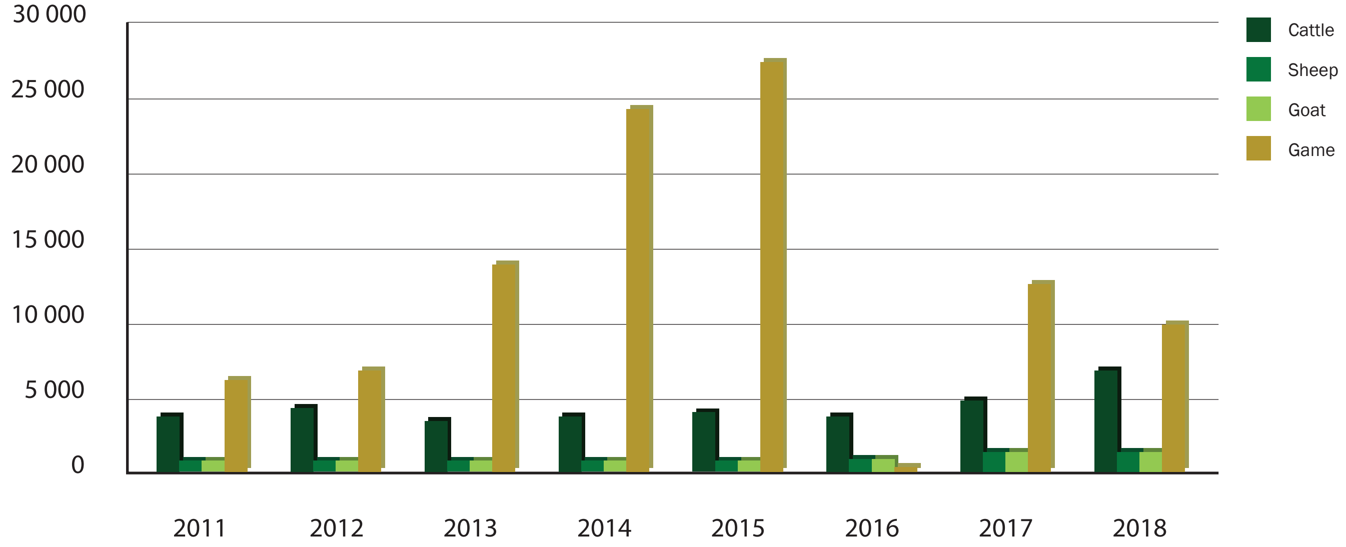
	2011	2012	2013	2014	2015	2016	2017	2018
Cattle	151 037	106 603	107 155	98 478	123 977	128 150	134 713	156 488
Sheep	193 328	182 650	121 461	129 754	139 938	140 468	130 500	138 282
Goats	92 611	73 045	53 225	53 556	60 160	52 477	51 086	43 604
Game	660	10 830	618	579	415	-	311	440
Other	-	-	-	-	-	-	2 719	2 422
TOTAL	**437 636**	**373 128**	**282 459**	**282 367**	**324 490**	**321 095**	**319 329**	**341 236**



Average prices per head achieved in the various categories:

AVERAGE PRICE

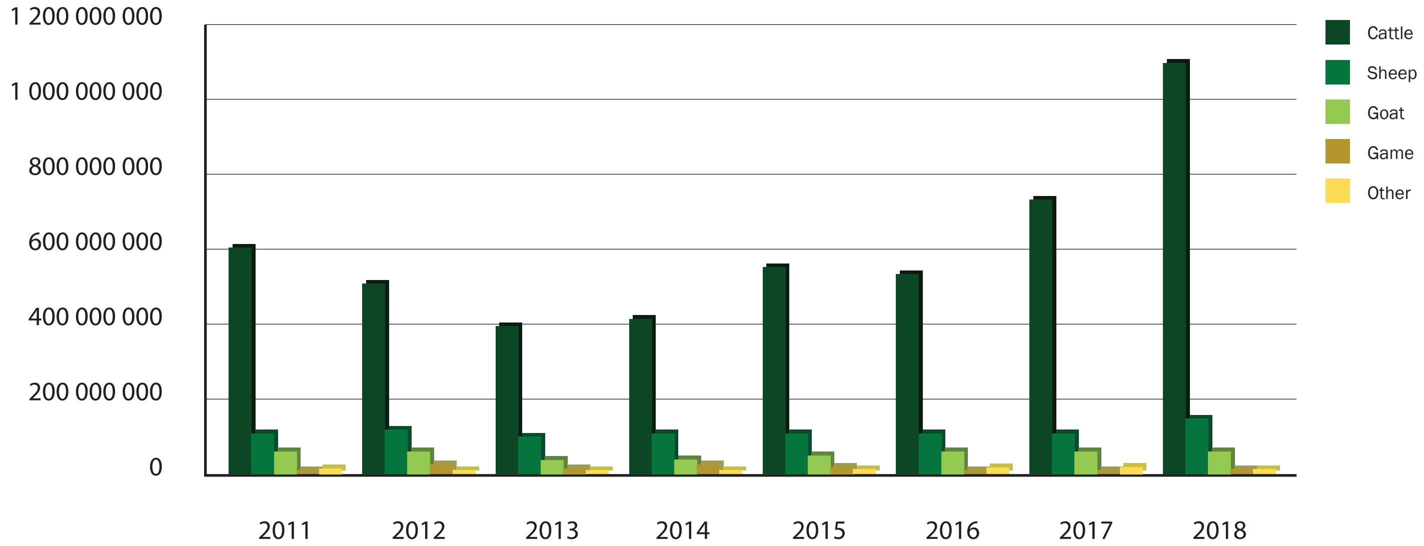
	2011	2012	2013	2014	2015	2016	2017	2018
Cattle	4 099	4 947	3 793	4 372	4 611	4 294	5 536	7 051
Sheep	630	710	638	664	793	785	915	1 014
Goats	686	711	624	689	773	814	879	974
Game	7 059	7 402	14 107	24 483	27 429	-	12 743	10 587
TOTAL	**12 474**	**13 770**	**19 162**	**30 208**	**33 606**	**5 894**	**20 074**	**19 626**



Total gross turnover achieved for the various categories:

GROSS TURNOVER

	2011	2012	2013	2014	2015	2016	2017	2018
Cattle	619.1	527.4	406.4	430.5	571.6	550.3	745.8	1103.5
Sheep	121.9	129.6	77.5	86.2	111.	110.3	119.4	140.2
Goats	63.6	51.9	33.2	36.9	46.5	42.7	44.9	42.4
Game	4.7	13.5	8.7	14.2	11.4	-	4	4.7
Other	6.8	4.5	2.7	3.2	3.9	4.4	7.4	3.6
TOTAL	**815.9**	**727**	**528.6**	**571**	**744.4**	**707.8**	**921.5**	**1 294.4**



The gross turnover increased from N$921.5 million in 2016/17 to N$1,294.4 million in 2017/18, which is a significant increase of 40.5%. Net turnover (commission received) achieved for the Agra Auctions division amounts to N$73.6 million compared to N$52.3 million in 2017, an increase of 40.7%.

The main contributors to this extraordinary performance were the increase in the price of weaners, with tollies achieving an average price for the year of N$33.01/kg and heifers N$31.51/kg at the auctions, compared to the respective prices of N$24.27/kg and N$22.12/kg of the previous year. The higher prices together with the lack of grazing led to an increase in the number of heads marketed, which increased from 134.7 thousand in 2017 to 156.5 thousand in 2018 an increase of 16.2%. It also became evident that some ox producers chose to rather sell their weaners at these lucrative prices, instead of holding them back to market at a later stage as slaughter cattle.

These factors resulted in an increase in gross turnover for cattle from N$745.8 million in 2016/17 to N$1,103.5 million in 2017/18, an increase of 48%.

The gross turnover for sheep increased from N$119.4 million in 2016/17 to N$140.2 million in 2017/18, an increase of 17.4%. This is a result of an increase of 6% in the number of heads sold and an increase of 10.8% in the prices achieved per head during the year under review.

The gross turnover for goats declined from N$44.9 million in 2016/17 to N$42.4 million in 2017/18, a decrease of 5.5%. Although the average prices achieved per head increased with 10.7%, the number of heads declined with 14.6%. Declining numbers in goats is a trend that was experienced throughout the south, especially in the western part of the south, which was fueled by the continuous drought experienced for several consecutive years.

The bad debts written off during the year amounted to N$2.7 million compared to N$488 thousand in 2016/17. Legal processes were initiated to recover bad debts. Bad debts amounting to N$7.7 million written off in prior periods, were recovered during the year compared to N$6.2 million in 2016/17.

The net operating profit before head office expenses for Agra Auctions increased from N$26.3 million in 2016/17 to N$38.9 million in 2017/18 an increase of 48%.

3. PROPERTY DIVISION

The properties division completed the construction of the new Maltahöhe branch during April 2018 at a total cost of N$5.5 million. The retail trading area was increased with 750m². The new feedstore at Otavi branch was completed in November 2017 at a cost of N$1.6 million. The Grootfontein auction facilities were upgraded to the amount of N$800 thousand which was completed in July 2018.

Agra installed solar panels on the Auas Valley shopping centre as well as on all retail buildings with the exception of Maltahöhe during 2017. The total solar energy recovery for the 2017/18 financial year amounted to N$775.6 thousand.

Gross income, including internal rent, increased from N$48.6 million in 2016/17 to N$61.8 million in the year under review.

Total expenses for the division decreased from N$16.6 million in 2016/17 to N$15.3 million in 2017/18.

An amount of N$2.8 million was spent on repairs and maintenance during the year, compared to N$2.7 million the previous year.

The net operating profit before head office expenses was N$46,6 million in 2017/18 compared to a N$32.1 million in 2016/17, an increase of 45.2%.

4. PROVISION

This division has the aim of growing Agra's brand by being the prime provider of professional support services to the agricultural sector in Namibia.

ProVision focuses on three objectives, namely:

(i) to enhance the competence, knowledge, skills and attitudes of farmers, Agra staff and others related to agriculture.

(ii) to position ProVision in the sector in such a way that it is visible, recognized, accepted and relevant.
(iii) to conduct consultancy services in order to generate income, also serving the donor/government community with funded development projects.

The net operating loss before head office expenses amounted to N$2.7 million in 2017/18 compared to a loss of N$2.5 million in 2016/17.

4.1 Swakara Pelt Centre

Pelt quantities sold at the two auctions in Copenhagen during September 2017 and March 2018 amounted to 80,816 pelts, which reflects a decrease of 18.1% compared to the 98,647 pelts sold during the year ending July 2017.

Unit prices per pelt increased from an average of N$484.61 in the previous financial year to an average of N$486.32 in 2017/18. This represents an increase of only 0.35%. Swakara is part of the fur family and therefor also affected by the uncertain mink prices caused by the overproduction of mink. This together with the poor economic climate in the Swakara consumer countries like Greece, Europe and Russia are the main reasons for the slow movement of the Swakara price.

Although the average price increased, the turnover for the pelts was N$39.3 million for the period, compared to N$47.8 million for 2016/17, due to the decrease in number of pelts sold.

The Swakara Pelt Centre had a net operating loss before head office expenses of N$457 thousand for the year under review compared to a net loss of N$447 thousand the previous year.

5. SUBSIDIARIES AND OTHER INVESTMENTS

5.1 Ondangwa Service Station (Pty) Ltd

The gross turnover of this company, in which Agra holds 70% of the issued share capital, decreased with 0.5% from N$36 million in 2016/17 to N$35.9 million in 2017/18. The net loss amounted to N$114 thousand 2017/18 compared to a net loss of N$291 thousand in 2016/17.

5.2 The Rosenthal Group consists of:

- A. Rosenthal (Pty) Ltd.
- Kalahari Arms & Ammunition (Pty) Ltd.
- A. Rosenthal Cape (Pty) Ltd. (South Africa)
- Inter-Arms (Pty) Ltd. (South Africa)

The board of directors decided to discontinue the operations at A. Rosenthal Cape (Pty) Ltd and Inter-Arms (Pty) Ltd, the two companies in South Africa. Trading from these companies ended on 31 July 2018.

Total revenue for the Group declined from N$52.3 million in 2017 to N$42.3 million in 2018 and net profit before taxation inreased from N$855 thousand in 2016/17 to N$1.4 million in 2017/18.

5.3 Agra Properties (Pty) Ltd

The company, in which Agra holds 100% of the issued share capital, was established during September 2010. The sole purpose of this company is to facilitate the sale of non-Agra owned properties. A net profit of N$68 thousand was retained from 2017/18 year to increase the retained earnings for further operations.

5.4 Agra Oshivelo Retail (Pty) Ltd

The company, in which Agra holds 84% of the issued share capital, was established during February 2011. The Company has not traded for the year ended 31 July 2018.

5.5 Hartlief Corporation Ltd

Agra holds 9.5% of the shares in this company. No dividends were received during the year under review. A negative fair value adjustment of N$2.5 million was passed, decreasing the carrying value of the investment held to N$19 million, based on the internal valuation done on the annual financial statements.

6. TAXES

The Group contribution towards Government in terms of Taxes (including Income Tax, VAT, import VAT, VET Levies, but excluding PAYE which is payable by staff) was N$76.7 million in Namibia.

6.1 Income tax

Income tax charges amounted to N$16.1 million for the group (2016/17: N$15.6 million) and N$15.6 million for the company (2016/17: N$14.9million).

Major components of the income tax expense comprise:

	2018 N$ '000	2017 N$ '000
Group		
Current tax	7 152	7 111
Deferred tax	8 953	8 508
	16 105	**15 619**
Company		
Current tax	6 567	6 676
Deferred tax	9 005	8 210
	15 572	**14 886**

7. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

7.1 Assets
7.1.1 Property, plant and equipment

The main components of the increase in "property plant & equipment" of N$17.8 million made, were the investments in upgrading the branches, with N$11 million in buildings and a further N$3 million in the branch furniture and fittings.

7.1.2 Investment properties

The carrying amount of investment properties increased by N$16.3 million from N$31.3 million in 2016/17 to N$47.6 million in 2017/18, the main contributor to this is the acquisition of an investment property.

7.1.4 Current assets

Inventories:
Stock on hand increased by N$2.5 million for the Group to N$278.9 million and with N$19.1 million for the company to N$247.2 million.

This was largely due to increasing product availability as well as increasing complementary ranges in addition to moving the stock from the discontinued operations in South Africa to Namibia.

Trade and other receivables:
Trade and other receivables decreased by N$33.4 million for the Group, and N$23.6 million for the company, which is largely due to the decreased auctions debtors which is a result of the timing of auctions held at the financial year end.

7.2 Equity

The Group's total equity increased from N$366 million in 2016/17 to N$398 million in 2017/18. Share capital amounted to N$102 million, while reserves totalled N$28.3 million and non-controlling interest N$17 thousand.

The net asset value of the Group as at 31 July 2017 amounted to N$3.90 per share (2017: N$3.58 per share). The share price remained on N$1.48 for the year under review.

7.3 Cash Flow

The Agra Group reports a positive cash flow for 2017/18 of N$2.7 million, compared to a negative cash flow i n 2017/18 of N$54.3 million. This is due to several reasons, the main reason being the reduction in outstanding debtors.

8. CONCLUSION

The year under review posed many challenges, testing the leadership and character of our management and staff. The agricultural sector still felt the consequences of a prolonged and severe drought, whilst the country was hit by an economic recession which negatively impacted on consumer spending and employment. Livestock producer prices decreased, but reached stability towards the end of the financial year benefitting both producers and the business environment within the agricultural sector, with a positive spin-off on Agra Auctions.

Focussing on our core business and the continuous upgrading of our branch infrastructure remained strategic priorities, whilst the implementation of a new Enterprise Resource Planning (ERP) system tapped deeply into our human capacity and resources. Agra has managed to go live on Sage X3 at the beginning of the financial year. The new system posed many new challenges, which have been addressed vigorously in order to ensure a fully integrated and stable system.

A strong focus will be placed on cash flow management amidst the tough economic times the country is currently experiencing. Continuous investment in, and upgrading of our branch infrastructure will remain a high priority in the next financial year. The completion of the new Aranos branch is envisaged for end 2019, while the upgrade of the Outjo branch with the new feed store will be completed towards the end of 2020, subject to the final approval of capital expenditure

In reaching our growth targets for 2018/19, we are largely dependent on the well-being of the farming sector. It is imperative that the country receives above average rains and that the current favourable producer prices is maintained, thus enabling the agricultural sector to recover.

I would like to extend my sincere gratitude and appreciation to my executive management team and our loyal and motivated workforce for their contribution towards our good financial results and their commitment towards excellent customer service.

Our business is built on excellent customer service and the personal and unique relationships that we have with our client base defines the Agra brand. I would therefore like to take this opportunity to thank our loyal customers for their support during the year.

Last but not least, I want to thank our Board of Directors under the leadership of Mr. Ryno van der Merwe for their leadership, commitment and support.

We are looking forward to adding more value to all our stakeholders in the years to come.

ARNOLD KLEIN
CHIEF EXECUTIVE OFFICER

Directors' Responsibilities and Approval

The directors are required in terms of the Namibian Companies Act, No 28 of 2004 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group’s cash flow forecast for the year to 31 July 2019 and, in light of this review and the current financial position, they are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditors and their report is presented on pages 15 to 17.

The annual financial statements set out on pages 18 to 70, which have been prepared on the going concern basis, were approved and authorised for issue by the board on 05 December 2018 and were signed on their behalf by:

Director	**Director**

Independent auditor's report

To the Members of Agra Limited

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Agra Limited (the Company) and its subsidiaries (together the Group) as at 31 July 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

What we have audited

Agra Limited's consolidated and separate financial statements set out on pages 18 to 69 comprise:

- the directors' report for the year ended 31 July 2018;
- the consolidated and separate statements of financial position as at 31 July 2018;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B)* (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Agra Limited Annual Report for the year ended 31 July 2018. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: R. Nangula Uaandja
Partner
Windhoek
Date: 5 December 2018

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Agra Limited for the year ended 31 July 2018.

1. Review of financial results and activities

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Namibian Companies Act, No 28 of 2004. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated annual financial statements.

2. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

3. Dividends

The company's board of directors declared a dividend of 5.9 cents per ordinary share (2017: 6 cents) amounting to N$ 6 027 609 (2017: N$ 6 129 772) on 3 December 2018. The declaration is in line with the group's dividend policy described in note 1.15 .

4. Directorate

The directors in office during the year and up to the date of this report are as follows:

Directors	Changes
N.A.R. van der Merwe (Chairman)	
B.H. Mouton (Vice chairman)	
L.C. van Wyk	Resigned 08 December 2017
J. Woermann	
J.W. Visagie	Resigned 08 December 2017
B. Amuenje	
Adv. C.E. van der Westhuizen	Appointed 08 December 2017
A. Steyn	Appointed 08 December 2017

All directors are non-executive and are Namibian citizens.

5. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Going concern

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

7. Auditors

PricewaterhouseCoopers continued in office as auditors for the company for 2018.

8. Secretary

The company secretary is Bonsai Secretarial Compliance Services, business address P.O. Box 90757, Klein Windhoek, Windhoek.

Statements of Financial Position as at 31 July 2018

		Group		Company	
	Notes	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
Assets					
Non-Current Assets					
Property, plant and equipment	5	409 925	402 505	409 479	402 019
Investment property	6	47 634	31 342	31 384	31 342
Goodwill	7	-	1 306	-	-
Intangible assets	8	15 498	15 565	15 482	15 516
Investments in subsidiaries	9	-	-	17 797	12 522
Loans to group companies	10	-	-	20 445	22 890
Other financial assets	11	19 227	21 712	19 227	21 712
Deferred tax	12	1 417	1 475	-	-
		493 701	**473 905**	**513 814**	**506 001**
Current Assets					
Current tax receivable		4 653	4 797	2 024	2 538
Prepayments	13	18 934	6 471	17 086	6 471
Inventories	14	278 868	276 406	247 187	228 084
Trade and other receivables	15	110 320	143 863	107 459	131 184
Cash and cash equivalents	16	11 626	6 283	3 860	2 418
		424 401	**437 820**	**377 616**	**370 695**
Total Assets		**918 102**	**911 725**	**891 430**	**876 696**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	18	102 163	102 163	102 163	102 163
Reserves	19	28 301	28 224	28 301	28 224
Retained income		267 823	235 474	248 545	217 599
		398 287	365 861	379 009	347 986
Non-controlling interest		17	232	-	-
		398 304	**366 093**	**379 009**	**347 986**
Liabilities					
Non-Current Liabilities					
Retirement benefit obligation	20	33 632	35 000	33 632	35 000
Loan from group company	10	-	-	835	-
Borrowings	21	139 124	159 993	139 124	159 993
Deferred tax	12	39 845	29 909	38 700	29 449
		212 601	**224 902**	**212 291**	**224 442**

Statements of Financial Position as at 31 July 2018

		Group		Company	
	Note(s)	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
Current Liabilities					
Provisions	22	10 373	23 407	10 072	23 165
Loan from group company	10	-	-	-	299
Trade and other payables	23	173 535	172 185	168 689	162 242
Borrowings	21	22 189	23 072	22 189	23 072
Dividend payable		2 504	6 130	2 504	6 130
Bank overdraft	16	98 596	95 936	96 676	89 360
		307 197	**320 730**	**300 130**	**304 268**
Total Liabilities		**519 798**	**545 632**	**512 421**	**528 710**
Total Equity and Liabilities		**918 102**	**911 725**	**891 430**	**876 696**

Statements of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Notes	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
Continuing operations					
Revenue	25	1 551 273	1 546 749	1 490 405	1 484 897
Cost of sales		(1 195 202)	(1 207 826)	(1 146 281)	(1 160 470)
Gross profit		**356 071**	**338 923**	**344 124**	**324 427**
Other operating income	26	9 181	7 406	8 918	7 149
Net operating (losses) gains	27	(1 678)	13 323	(2 632)	13 332
Operating expenses		(288 936)	(273 414)	(283 840)	(262 490)
Operating profit	28	**74 638**	**86 238**	**66 570**	**82 418**
Investment income	29	7 483	6 535	9 388	9 126
Finance costs	30	(30 496)	(29 004)	(29 887)	(29 410)
Profit before taxation		**51 625**	**63 769**	**46 071**	**62 134**
Taxation	31	(16 105)	(15 619)	(15 572)	(14 886)
Profit from continuing operations		**35 520**	**48 150**	**30 499**	**47 248**
Discontinued operations					
(Loss) profit from discontinued operations	32	(3 830)	1 011	-	-
Profit for the year		**31 690**	**49 161**	**30 499**	**47 248**
Other comprehensive income that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liabilities		767	2 006	770	1 943
Income tax effects thereon		(246)	(642)	(246)	(622)
Other comprehensive income for the year net of taxation		**521**	**1 364**	**524**	**1 321**
Total comprehensive income for the year		**32 211**	**50 525**	**31 023**	**48 569**
Profit (loss) attributable to:					
Equity shareholders - continuing operations		35 735	48 056	30 499	47 248
Equity shareholders - discontinued operations		(3 830)	1 011	-	-
		31 905	**49 067**	**30 499**	**47 248**
Non-controlling interest		**(215)**	**94**	**-**	**-**
Total profit for the year		**31 690**	**49 161**	**30 499**	**47 248**
Total comprehensive income attributable to:					
Owners of the parent		32 426	50 431	31 023	48 569
Non-controlling interest		(215)	94	-	-
		32 211	**50 525**	**31 023**	**48 569**
Consolidated earnings per share	42				
Basic and diluted earnings per share (cents)					
Continuing operations		34.90	47.03		
Discontinued operations		(3.75)	1.00		
		31.15	**48.03**		
Headline and diluted earnings per share (cents)					
Continuing operations		37.77	33.85		
Discontinued operations		(3.75)	1.00		
		34.02	**34.85**		

Statement of Changes in Equity

	Share capital N$ '000	Fair value reserve N$ '000	Retained income N$ '000	Total attributable to equity holders of the company N$ '000	Non-controlling interest N$ '000	Total equity N$ '000
Group						
Balance at 01 August 2016	**102 163**	**11 961**	**206 058**	**320 182**	**138**	**320 320**
Profit for the year	-	-	49 067	49 067	94	49 161
Other comprehensive income	-	-	1 364	1 364	-	1 364
Total comprehensive income for the year	**-**	**-**	**50 431**	**50 431**	**94**	**50 525**
Transfer between reserves	-	16 263	(16 263)	-	-	-
Other movements	-	-	1 378	1 378	-	1 378
Dividends	-	-	(6 130)	(6 130)	-	(6 130)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**16 263**	**(21 015)**	**(4 752)**	**-**	**(4 752)**
Balance at 01 August 2017	**102 163**	**28 224**	**235 474**	**365 861**	**232**	**366 093**
Profit for the year	-	-	31 905	31 905	(215)	31 690
Other comprehensive income	-	-	521	521	-	521
Total comprehensive income for the year	**-**	**-**	**32 426**	**32 426**	**(215)**	**32 211**
Transfer between reserves	-	77	(77)	-	-	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**77**	**(77)**	**-**	**-**	**-**
Balance at 31 July 2018	**102 163**	**28 301**	**267 823**	**398 287**	**17**	**398 304**
Notes	18	19				

Statement of Changes in Equity

	Share capital	Fair value reserve	Retained income	Total attributable to equity holders of the company	Non-controlling interest	Total equity
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000
Company						
Balance at 01 August 2016	**102 163**	**11 961**	**191 423**	**305 547**	**-**	**305 547**
Profit for the year	-	-	47 248	47 248	-	47 248
Other comprehensive income	-	-	1 321	1 321	-	1 321
Total comprehensive income for the year	**-**	**-**	**48 569**	**48 569**	**-**	**48 569**
Transfer between reserves	-	16 263	(16 263)	-	-	-
Dividends	-	-	(6 130)	(6 130)	-	(6 130)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**16 263**	**(22 393)**	**(6 130)**	**-**	**(6 130)**
Balance at 01 August 2017	**102 163**	**28 224**	**217 599**	**347 986**	**-**	**347 986**
Profit for the year	-	-	30 499	30 499	-	30 499
Other comprehensive income	-	-	524	524	-	524
Total comprehensive income for the year	**-**	**-**	**31 023**	**31 023**	**-**	**31 023**
Transfer between reserves	-	77	(77)	-	-	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**77**	**(77)**	**-**	**-**	**-**
Balance at 31 July 2018	**102 163**	**28 301**	**248 545**	**379 009**	**-**	**379 009**
Notes	18	19				

Statements of Cash Flows

		Group		Company	
	Note	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
Cash flows from operating activities					
Cash generated from operations	33	113 661	53 412	94 376	42 585
Investment income received		7 483	6 554	9 388	9 126
Finance costs paid		(8 489)	(3 984)	(7 881)	(4 387)
Tax paid	34	(7 008)	(9 412)	(6 053)	(6 747)
Contributions to post-retirement medical aid benefit	20	(3 644)	(3 560)	(3 644)	(3 560)
Provisions for bonuses and severance pay settled with cash	22	(24 037)	(23 704)	(23 796)	(23 245)
Net cash generated from operating activities		**77 966**	**19 306**	**62 390**	**13 772**
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(17 786)	(16 953)	(17 646)	(16 597)
Proceeds on disposal of property, plant and equipment		3 428	984	3 368	982
Proceeds on disposal of investment property		-	519	-	519
Purchase of intangible assets	8	(1 957)	(15 583)	(1 989)	(15 583)
Investment in subsidiary	35	(14 500)	-	(14 500)	-
Net repayment of loans by group companies		-	-	6 971	5 079
Net cash utilised in investing activities		**(30 815)**	**(31 033)**	**(23 796)**	**(25 600)**
Cash flows from financing activities					
Repayment of borrowings	36	(40 842)	(42 549)	(40 842)	(42 549)
Dividends paid	36	(3 626)	-	(3 626)	-
Net cash utilised in financing activities		**(44 468)**	**(42 549)**	**(44 468)**	**(42 549)**
Net cash movement for the year		**2 683**	**(54 276)**	**(5 874)**	**(54 377)**
Cash and overdraft at the beginning of the year		(89 653)	(35 377)	(86 942)	(32 565)
Total cash and overdraft at end of the year	16	**(86 970)**	**(89 653)**	**(92 816)**	**(86 942)**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS"), and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act, No 28 of 2004.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibian Dollars which is the group and company's functional currency.

These accounting policies are consistent with the previous period.

For new standards, guidance and interpretations issued by International Accounting Standards Board and information on the effect of these changes on the group please refer to note 4.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires that management make certain judgements, estimates and assumptions from time to time that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

Estimates and assumptions made by management are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and accordingly the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Trade receivables

The group and company assess trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group and company make judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

The impairment for trade receivables is calculated on an age bucket basis, except for individually significant trade receivables which are assessed separately. The impairment test on the age bucket is based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the debts. These annual loss ratios are applied to trade receivable balances in the portfolio.

For further information on the impairment loss on trade receivables, refer to note 15.

Provision for slow moving and obsolete stock

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Refer to note 14 for detail on the amount of the provision for obsolete stock.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

Several assets and liabilities of the group and company are either measured at fair value or disclosure is made of their fair values. In order to determine fair value, managment makes use of the appropriate valuation techniques and inputs for each valuation. Qualified external professionals are consulted and observable market data is used as far as possible.

Information about the specific techniques and inputs of the various assets and liabilities has been disclosed throughout the notes to these financial statements where applicable.

Impairment testing

In performing the annual goodwill impairment test, management has made certain assumptions and estimations. Refer to note 7 for discloure on the methods, assumptions and underlying data used in the assessment of the carrying amount of goodwill.

Useful lives and residual values of property, plant and equipment and intangible assets

The useful lives and residual values of property, plant and equipment were assessed by management and found to differ from previous estimates. The change in estimates is applied prospectively and detail on the change in depreciation charges can be found in note5.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of management's estimates of provisions are included in note 22.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group and company recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group and company recognise the net future tax benefit related to deferred income tax assets to the extent that it is probably that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group and company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

For details regarding the assumptions used in recognising deferred tax assets relating to taxable losses of subsidiaries, refer to note12.

Post-retirement benefit obligation

The value of the obligation is determined by actuarial calculations. Detailed information on the input, estimates and assumptions made has been disclosed in note 20.

1.3 Translation of foreign currencies

Functional and presentation currency

Items included in the annual annual financial statements of each of the group entities are measured using the Namibian Dollar.

1.3 Translation of foreign currencies (continued)

Foreign currency transactions

A foreign currency transaction is recorded on initial recognition in Namibia Dollars by applying spot exchange rate to the foreign currency amount at the date of the transaction.

At the end of the reporting period, foreign currency monetary items are translated at the closing rate. Non-monetary items are measured at the original historical cost translated at the rate at the date of the transaction. Foreign currency items that are measured at fair value are translated at the date the fair value was determined.

Exchange differences may arise when monetary items are settled or translated at rates which differ from rates at initial recognistion. These exchange differences are recognised in profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any foreign exchange component of that gain or loss is also recognised in other comprehensive income and accumulated in equity. Similarly, when such a gain or loss is recognised in profit or loss, any exchange component is also recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Namibia Dollars by applying to the foreign currency amount the exchange rate between the Namibia Dollar and the foreign currency at the date of the cash flow.

1.4 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors.

Transactions between segments are eliminated. Intersegment pricing is determined on an arm's length basis.

Segmental results presented in these financial statements include items directly attributable to each segment as well as those that can be allocated on a reasonable and systematic basis. Unallocated items comprise corporate results and are aggregated as indicated in the tables presented.

The segment reports are reconciled back to the rest of the financial statements where applicable. For the segment information, refer to note 3.

1.5 Property, plant and equipment

Property, plant and equipment is initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses.

The cost of an item recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be used in the manner intended by management.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management and is charged over the its estimated useful life to profit or loss on a straight line method. The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset. No depreciation is charged on an asset if its estimated residual value exceeds or is equal to its carrying amount.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate and recognised in profit or loss when the change arises. Refer to note 5 for further information on estimates of useful lives of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Accounting Policies

1.6 Investment property

Investment properties include properties that are held for long-term rental yields and/or for capital appreciation. Investment properties may include properties that are being constructed or developed for future use as investment properties.

Investment property is initially recognised at cost and subsequently at fair value.

The fair value of investment property is determined on a 5 year rotational basis by independent professional valuers. A directors' valuation is preformed annually. Any changes in fair value are recognised in profit or loss and subsequently moved to a revaluation reserve. Refer to note 6 for information on valuation of investment property.

Investment properties may be subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

Upon disposal of investment property, the difference between the proceeds and the carrying amount is recognised in profit or loss.

1.7 Intangible assets

Goodwill

Refer to accounting policy note 1.8 for information on goodwill.

Acquired intangible assets

Trademarks, computer software and licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and impairment losses. Costs include all costs related to acquisition, net of discounts or rebates, and other directly attributable costs of preparing the asset for its intended use. Any costs associated with maintaining the asset are expensed when incurred.

These costs are amortised to profit or loss using the straight-line method over a period which is the shorter of their estimated useful lives and periods of contractual rights.

The useful lives and amortisation methods of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise. For information on the periods and methods of amortisation of intangible assets refer to note 8.

Internally generated brands, customer lists and items similar in substance are not recognised asintangible assets.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of that intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.8 Consolidation of subsidiaries

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries arecarried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations if applicable.

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all its subsidiaries. Subsidiaries are entities, including structured entities, which are controlled by the group. Control exists when the group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through using its power over the entity.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting Policies

1.8 Consolidation of subsidiaries (continued)

Acquisitions and disposals

Subsidiaries are fully consolidated into the group's financial statements from the effective date of acquisition to the effective date of disposal or when control ceases.

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

The company carries subsidiaries at cost less accumulated impairments in the separate annual financial statements.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed. Refer to note 7 for information on the goodwill impairment test performed by management.

Non-controlling interests

In the event of an acquisition, non-controlling interests in the acquiree entity are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

Non-controlling interests' share in the group is recognised and disclosed separately in the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of changes in equity respectively.

Total comprehensive income or loss is attributed non-controlling interests based on the respective interests in a subsidiary, even if this results in a deficit balance being recognised for non-controlling interest.

Transactions with non-controlling interests relating to interest in the respective subsidiaries that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company. Ttransactions with non-controlling interests unrelated to interests held in subsidiaries are treated as external party transations.

1.9 Financial instruments

Classification

Financial instruments are classified depending on the purpose for which the financial instruments were obtained or incurred. Classification is re-assessed on an annual basis, except for financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Classification categories for financial assets are financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets through other comprehenive income. The election depends on the business model adopted by the group and the contractual cash flows characteristics of each of the financial assets identified.

Classification categories for financial liabilities are financial liabilities at amortised cost and financial liabilities at fair value through profit or loss. Financial liabilities through profit or loss or either designated as such or are liabilities held for trading. All other financial liabilities are at amortised cost.

The classifications made by management, where the financial instrument meets the definition of a financial asset or liability, are disclosed in notes 17 and 24 respectively.

Accounting Policies

1.9 Financial instruments (continued)

Measurement

Financial assets and liabilities classified at fair value are initially measured at fair value. All other financial assets and liabilities are measured at fair value and transaction costs.

Financial assets and liabilities which are categorised as fair value instruments are subsequently measured at fair value at the date of remeasurement. Depending on the specific classification made by management, any changes in fair value, any interest income or expense and any dividends are recognised are recognised either through profit or loss or directly in equity through other comprehensive income.

All other financial assets and liabilities are subsequently measured at amortised cost using the effective interest rate method.

Information on how changes in fair value, interest and dividends relating to financial assets and liabilities, where applicable, have been accounted for has been disclosed in notes 17 and 24, respectively.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial asset have expired or have been transferred and the group and company have transferred substantially all risks and rewards of ownership and the transfer qualifies for derecognition.

Financial liabilities are derecognised when the amounts owing by the group and company are extinguished through settlement, cancellation or expirey.

Fair value determination

The fair values of quoted investments are based on current market prices. If the market for a financial instrument is not active, 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. Management maximises the use of market inputs and relies as little as possible on entity-specific inputs.

The group and company do not hold liabilities at fair value through profit or loss.

Impairment of financial assets

For information of impairment of trade and other receivables, measured at amortised cost, refer to credit risk management in note 2. All other financial assets are carried at fair value and any impairment is inherently taken into account in that fair value amount.

Financial instruments designated as at fair value through profit or loss

Equity share investments, other than subsidiaries, have been designated as at fair value through profit or loss in order to reflect a more up-to-date information.

1.10 Current and deferred tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates laws that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Accounting Policies

1.10 Current and deferred tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting or taxable profit or loss.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxableprofit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting nor taxable profit or loss.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxableprofit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by theend of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included inprofit or loss for the period, except to the extent that the tax arises from a transaction recognised in other comprehensive income or from a business combination.

Current tax and deferred taxes are charged or credited in other comprehensive income if the tax relates to items that are credited or charged in other comprehensive income.

1.11 Inventories

The initial cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition, net of trade discounts or rebates. Costs are assigned using the weighted average cost forumula.

Inventories are subsequently measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

At each balance sheet date or when indications of impairment exist, management considers the the amount of any write-down of inventories to net realisable value. All losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

1.12 Impairment of assets

For assets other than goodwill or assets carried at fair value, management assesses at each balance sheet date whether there are any indications that an asset may be impaired. If such an indication exists, an impairment test is done.

For goodwill, management performs an annual impairment test regardless whether there are indications of impairment or not.

For assets carried at fair value, no impairment tests are necessary as any possible impairment or reversal of impairment is intrinsically included in the fair value of the asset.

An impairment test involves comparing the recoverable amount of an individual asset or cash-generating unit with it's carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the resulting reduction is an impairment loss. An impairment loss on an asset carried on the cost model is recognised immediately in profit or loss. Any impairment loss on an asset on the valuation model is treated as a revaluation decrease to the extent of the revaluation surplus through equity, and anything further is recognised through profit and loss.

Accounting Policies

1.12 Impairment of assets (continued)

At each reporting date, management reassesses whether those impairments are still necessary. If an impairment is considered unnecessary in part or in whole, the impairment is reversed to the extent which management believes is appropriate. Impairment on goodwill is permanent and may not be reversed. Impairment loss reversals on cost model assets are recognised through profit and loss. An impairment loss reversal on valuation model assets is reversed through profit or loss to the extent the initial loss was recognised. Any remaining impairment reversal is through equity. An impairment loss can only be reversed to the carrying amount that the asset would have had if no impairments had taken place in prior periods.

For impairment policy information on trade and other receivables and inventories refer to notes 1.9 and 1.11 respectively.

1.13 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income from leases is disclosed as rental income under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.14 Share capital and reserves

Ordinary shares are classified as equity.

Fair value adjustments to investment properties are transferred from retained income to a separate reserve when the fair value adjustment takes place.

1.15 Dividend distribution

The company's dividend policy is to consider a final dividend in respect of each financial year up to a maximum of 20% of the net profit after tax for that year, subject to project financing and contractual operating requirements and availability of cash resources.

Accounting Policies

1.16 Employee benefits

Short-term employee benefits

Liabilities which relate to short-term employee benefits are not discounted and are recognised as current liabilities within trade and other payables.

The cost of short-term employee benefits is recognised in profit or loss in the period in which the service is rendered. Short-term costs include salaries, wages, annual and sick leave costs, bonus and other profit-sharing costs and defined contribution costs.

The expected cost of paid leave is expensed in profit or loss as the employees render services that increase their entitlement or, in the case of non-accumulating leave, when the leave occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense in profit or loss when there is a legal or constructive obligation to make such payments as a result of past performance.

A defined contribution plan is one under which the Group and Company pay fixed contributions into a separate entity and there is no legal or constructive obligation to pay any further contributions should that plan hold insufficient assets to fund all employee benefits relating to employee services in the current or prior periods. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Long term benefits: severance pay

The Group and Company recognise a provision for the benefits which are paid on termination of a contract with an employee. The liability is not expected to be settled within 12 months of the end of the period in which the service is provided and accordingly it is discounted. The Group and Company do not have an unconditional right to defer settlement and accordingly the provision is recognised as current.

The amount recognised in the statement of financial position represents the present value of the severance obligation as adjusted for unrecognised actuarial gains and losses and unrecognised service cost. Actuarial calculations are performed annually by independent professionals. There are no benefit assets.

The service and interest costs related to the severance liability are expensed in profit or loss. Changes in assumptions or estimates are recognised in other comprehensive income as actuarial gains or losses in the year that they arise, net of any applicable tax.

Post-retirement medical aid defined benefit

The liability recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses. There is no service cost as there are no longer any employees who qualify under this scheme. There are no plan assets. None of the future payments are determined to fall due within 12 months of the year end and therefore the whole liability is presented as non-current.

The Group's policy is to increase the PRMA subsidy scheme subsidy payment annually to to minimise the impact of inflation. The increases are not linked to medical aid contribution increases.

The cost of providing the defined benefits is determined using the projected unit credit method. Actuarial valuations are conducted annually by independent professionals. There are no benefit assets.

Interest costs are expensed in profit or loss. Changes in the estimates and assumptions relating to underlying data are recognised in equity through other comprehensive income as actuarial gains or losses in the year that they arise.

1.17 Provisions and contingencies

A provision is recognised when management believes that an obligation meets certain recognition criteria.

The amount of a provision is the present value of the expenditure, excluding future operating losses, which is expected to be required to settle the obligation. Management uses its estimations and assumptions as well as the services of professionals to measure the expected obligation.

When there is certainty of reimbursement by another party, the reimbursement is recognised as a separate asset equal to or less than the related provision.

Contingent assets and contingent liabilities are not recognised.

Accounting Policies

1.18 Revenue and other gains and income

The group and company receive revenue for the sale of goods and for services rendered.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied: the group has transferred to the buyer the significant risks and rewards of ownership of the goods; the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the group; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the group or company; the stage of completion of the transaction at the end of the reporting period can be measured reliably; and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable. The amounts disclosed as revenue are net of any returns, trade allowances, discounts or rebates, value-added tax and amounts collected on behalf of third parties.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the right to receive payment has been established.

1.19 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

The amount of borrowing costs eligible for capitalisation are costs incurred on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings. For general borrowings, the amount that is capitalised is the weighted average borrowing cost of the group. The borrowing costs capitalised do not exceed the total borrowing costs incurred. Any interest income received on temporary investment of the borrowed funds are set off against the borrowing costs capitalised.

The capitalisation of borrowing costs commences when expenditures for the asset have occurred, borrowing costs are being incurred and activities necessary to bring the asset into intended use or sale are in progress. Once substantially all these activities are completed, capitalisation ceases.

All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

2. Risk management

Capital risk management

The group's capital management objectives are to preserve the group's ability to continue as a going concern in order to provide adequate shareholders returns and stakeholder benefits as well as to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of borrowings and equity. Borrowings consists of non-current and current portions of bank borrowings as well as current overdraft balances; refer to notes 16 and 21 for quantitative information on borrowings . Equity consists of share capital, reserves and non-controlling interests, as disclosed in the Statement of Financial Position.

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

Management provides feedback to the board of directors on a monthly basis regarding certain ratios pertaining to the group. Should the ratios reach levels that could impede on contractual arrangements with credit providers of the group, managment takes remedial action to maintain acceptable ratios.

Certain of lending institutions contractually require certain debt ratios, explained below, which are required to be maintained in order to secure the lending facilities.

Debt / equity ratio This may not exceed 1.5. The group did not exceed the ratio at any time during the year. The actual ratio at the reporting date was 0.73 (2017: 0.80).
Current ratio This may not less than 1.2. The group did not fall below this limit during the year. The ratio at the reporting date was 1.26 (2017: 1.19).
Debt service coverage ratio The debt coverage ratio must not drop below 1.2. The group maintained this throughout the year. The average for the year was 1.77 (2017: 1.96).
Debt to EBITDA ratio This ratio may not exceed 3.5. The average for the year was 3.36 (2017: 3.34).

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The group’s activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. Market risk is further divided into currency risk, interest rate risk and price risk. There were no significant changes in the manner which risk is managed in comparison to the previous period.

Credit risk

Credit risk is managed on a group basis. Credit risk consists mainly of trade debtors, group loans and cash and cash equivalents.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. If there is no independent rating, the group has procedures to assess and internally rate the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate. Refer to note 15 for further credit risk information on trade receivables.

Management monitors the group loans on a regular basis and ensures repayment thereof where possible.

The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Refer to note 16 for quantitative information on credit risk from cash and cash equivalents.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. If there is no independent rating, the group has procedures to assess and internally rate the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate. Refer to note 15 for further credit risk information on trade receivables.

2. Risk management (continued)

Liquidity risk

In order to manage liquidity risk, management performs cash flow forecasts which take cognisance of group debt financing plans, covenant compliance, internal ratio targets and any external regulartory or legal requirements that may be in place.

A rolling cash flow forecast is maintained individually at operating entity level and consolidated by Company Finance. This forecast is regularly performed to monitor group's liquidity requirements and to ensure there is sufficient cash to meet operational and capital needs while maintaining sufficient headroom on undrawn committed borrowing facilities which the group has access to. This cash flow management process ensures that the group does not breach borrowing limits or covenants on any of its facilities, where applicable.

The table below analyses the group and company's financial liabilities, respectively, into relevant maturity groupings based on the remaining period until contractual maturity date as at the statements of financial position. These amounts are the contractual undiscounted cash flows of the liabilities. Balances due within 12 months equal their carrying balances in these financial statements as the impact of discounting is not significant.

Maturity analysis of contractual undiscounted cash flows of liabilities: Group (N$ '000)

At 31 July 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	22 189	29 382	78 891	30 851
Trade and other payables	140 958	-	-	-
Overdraft	98 596	-	-	-
Dividend payable	2 504	-	-	-
	264 247	**29 382**	**78 891**	**30 851**

At 31 July 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	23 072	22 111	80 669	57 213
Trade and other payables	160 897	-	-	-
Overdraft	95 936	-	-	-
Dividend payable	6 130	-	-	-
	286 035	**22 111**	**80 669**	**57 213**

Maturity analysis of contractual undiscounted cash flows of liabilities: Company (N$ '000)

At 31 July 2018	**Less than 1 year**	**Between 1 and 2 years**	Between 2 and 5 years	**Over 5 years**
Borrowings	22 189	29 382	78 891	30 851
Loans from group companies	-	-	835	-
Trade and other payables	139 548	-	-	-
Overdraft	96 676	-	-	-
Dividend payable	2 504	-	-	-
	260 917	**29 382**	**79 726**	**30 851**

At 31 July 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	23 072	22 111	80 669	57 213
Loans from group companies	299	-	-	-
Trade and other payables	151 917	-	-	-
Overdraft	89 360	-	-	-
Dividend payable	6 130	-	-	-
	270 778	**22 111**	**80 669**	**57 213**

Notes to the Annual Financial Statements

2. Risk management (continued)

Overdraft facilities: Group and Company (N$ '000)

	Group		Company	
	2018	2017	2018	2017
Total facilities and review dates				
Bank Windhoek Limited (20 October 2019)	90 000	90 000	90 000	90 000
First National Bank of Namibia Limited (20 December 2018)	30 000	30 000	30 000	30 000
Standard Bank Namibia Limited (28 February 2019)	30 250	30 100	20 000	20 000
	150 250	**150 100**	**140 000**	**140 000**
Undrawn portion of facilities at year end				
Bank Windhoek Limited	29 721	35 054	29 721	35 434
First National Bank of Namibia Limited	2 907	14 331	2 954	14 378
Standard Bank Namibia Limited	19 048	5 780	10 673	827
	51 676	**55 165**	**43 348**	**50 639**

The overdraft facility agreements for the borrowing limits are negotiated with the banks annually. The total facility and undrawn balances at the financial reporting date are indicated in the tables above.

Currency risk

The majority of the group's purchases outside of Namibia are goods from South Africa, denominated in South African rands. The Namibian dollar is linked to the South African rand on a 1:1 ratio and accordingly there is no currency risk in respect of those transactions. Rand-denominated loans are not considered to be foreign loans. The group also purchases goods from other parts of the world and is exposed to various currency risks, primarily with respect to the US dollar.

The group does not hedge foreign exchange fluctuations.

Exposure to foreign currency risk at the end of the reporting period, expressed in Namibian dollars, has been presented in the table below for the group and company respectively. The sensitivity of profit or loss to changes in major currency exchange rates used in the group and company has also been presented. The methods and assumptions in arriving at the values in the sensitity analysis are consisent for all years presented.

Foreign currency exposure and sensitivity analysis (N$ '000)

	Group		Company	
	2018	2017	2018	2017
Current assets at 31 July 2018				
Prepayments to trade creditors - USD, translated at year end rate of exchange of 13.4028 (2017: 13.0059)	18 934	6 471	17 086	6 471
Impact of sensitivity analysis on post-tax profits				
N$ / USD exchange rate increase of 10% (2017: 10%)	(806)	(308)	(743)	(308)
N$ / USD exchange rate decrease of 10% (2017: 10%)	828	308	743	308

Interest rate risk

The group's interest rate risk arises mostly from borrowings. The borrowings are at fixed and variable rates which affect fair value and cash flow interest rate risk respectively. The group has no specific requirements on the exact proportion of fixed or floating interest rates. The position is reviewed periodically when the lending facilities are negotiated annually. Various factors are considered in the review including existing debt covenant restrictions, forecast core debt levels and prevailing market conditions.

The group and company's investment in Hartlief Corporation Limited is measured at fair value using techniques which include the use of interest rates. For detail on the sensitivity on the rate assumptions used, refer to note 11.

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

2. Risk management (continued)

The table below presents the cash flow interest rate risk related to the variable interest rate borrowings in the group and company, respectively. The values represent the amount of change in profit or loss that could have arisen for a reasonble change in the interest rates. The values are calculated by applying the interest rate change to the average borrowings outstanding during the year for all periods presented and adjusting for corporate tax.

Cash flow interest rate risk analysis

	Group 2018	Group 2017	Company 2018	Company 2017
Increase 100bp				
Cash and cash equivalents	63	271	11	247
Borrowings	(1 010)	(977)	(968)	(977)
Overdraft	(1 722)	(696)	(1 722)	(653)
	(2 669)	**(1 402)**	**(2 679)**	**(1 383)**
Decrease 100bp				
Cash and cash equivalents	(63)	(271)	(11)	(247)
Borrowings	1 010	977	968	977
Overdraft	1 722	696	1 722	653
	2 669	**1 402**	**2 679**	**1 383**

Fair value interest rate risk analysis

The table below presents an analysis of the fair value interest rate risk related to the fixed interest rate borrowings for both the group and company. The values represent the expected change in fair value of fixed rate borrowings for a reasonable change in the market interest rate. This analysis assumes all other variables will remain constant. The values are calculated by applying the new interest rate to the future cash flows and comparing the fair value derived to the current carrying amount. The calculation is consistent for all periods presented.

	Group 2018	Group 2017	Company 2018	Company 2017
Increase 100bp - group and company				
Decrease in fair value of borrowings			(2 606)	(3 116)
Decrease 100bp - group and company				
Increase in fair value of borrowings			2 822	3 401

Price risk

The group and company hold an interest in unquoted equity investments classified at fair value through profit or loss. The investments have been measured at fair value by management using valuation techniques. Refer to note 11 for market risk sensitivity analysis.

There are no other sources of price risk in the group or company.

Notes to the Annual Financial Statements

3. Segment information

The group is primarily engaged in the agricultural retail and wholesale industry and in addition has ancillary product and service offerings to compliment the industry. Management organises information primarily based on the economic characteristics of the relevant product or service provided by each line of business.
The segment information reported below is consistent with the internal reports presented to the Board of Directors and Key Management of the group.

The group has 4 reportable operating segments:

Retail and Wholesale: This line of business operates from branches situated around the country and includes retail, wholesale and distribution of agricultural, hunting and outdoor and related products. It also includes business derived from fuel stations.

Auctions: This part of the business organises and facilitates the auction and liaison services of livestock and agricultural products. Swakara is part of this segment, which deals with the local collecting and sorting of pelts and the sale thereof in the international market, as well as the selling of breeding stock.

Rental: This segment measures the performance of various rental properties situated around the country.

ProVision: This corporate social investment initiative has been set up to enhance the skills and expertise within the sector, while uplifting the community with funded development projects.

Head office and group services which are not allocated to the segments are included under 'corporate ' in the segment information tables below. All figures are presented in N$ 000's.

Group operating segments - 2018	**Retail and wholesale**	**Auctions**	**Rental**	**ProVision**	**Corporate**	**Total**
External segment revenue	1 437 516	77 571	28 060	4 662	3 464	1 551 273
Cost of sales	(1 194 017)	-	-	(604)	(581)	(1 195 202)
Gross profit	243 499	77 571	28 060	4 058	2 883	356 071
Other income	1 131	7 706	344	-	-	9 181
Gross income	244 630	85 277	28 404	4 058	2 883	365 252
Stock costs	(2 724)	(45)	-	-	-	(2 769)
Marketing costs	(3 882)	(625)	(313)	(253)	(1 303)	(6 376)
Selling and distribution	(3 635)	(21 147)	(4)	(6)	(136)	(24 928)
Building costs	(19 368)	(4 947)	(7 453)	(598)	(557)	(32 923)
Transport and asset costs	(3 880)	(305)	36	(49)	(139)	(4 337)
Staff costs	(96 907)	(14 603)	(4 944)	(5 105)	(36 586)	(158 145)
Directors costs	-	-	-	-	(1 162)	(1 162)
Administrative costs	(31 055)	(8 657)	(1 653)	(345)	(15 320)	(57 030)
Other costs	(1 266)	-	-	-	-	(1 266)
Total costs	(162 717)	(50 329)	(14 331)	(6 356)	(55 203)	(288 936)
Operating profit (loss)	81 913	34 948	14 073	(2 298)	(52 320)	76 316
Net operating gains (losses)	-	-	954	-	(2 632)	(1 678)
Operating profit (loss) before interest and tax	81 913	34 948	15 027	(2 298)	(54 952)	74 638

3. Segment information (continued)

Group operating segments - 2017	Retail and Wholesale	Auctions	Rental	ProVision	Corporate	Total
External segment revenue	1 462 136	59 209	18 470	4 230	2 704	1 546 749
Cost of sales	(1 205 640)	(473)	(530)	530	(1 713)	(1 207 826)
Gross profit	256 496	58 736	17 940	4 760	991	338 923
Other income	1 082	6 189	124	4	7	7 406
Gross income	257 578	64 925	18 064	4 764	998	346 329
Stock costs	(6 175)	(41)	-	-	(84)	(6 300)
Marketing costs	(3 460)	(790)	(277)	(101)	(866)	(5 494)
Selling and distribution costs	(3 854)	(15 236)	(10)	(26)	(139)	(19 265)
Building costs	(17 845)	(4 141)	(7 485)	(549)	(392)	(30 412)
Transport and asset costs	(8 544)	(1 142)	(220)	(32)	(1 069)	(11 007)
Staff costs	(103 817)	(15 365)	(5 684)	(5 724)	(34 919)	(165 509)
Directors costs	-	-	-	-	(1 145)	(1 145)
Administrative costs	(21 451)	(4 388)	(2 617)	(331)	(5 495)	(34 282)
Total costs	(165 146)	(41 103)	(16 293)	(6 763)	(44 109)	(273 414)
Operating profit (loss)	92 432	23 822	1 771	(1 999)	(43 111)	72 915
Net operating gains (losses)	(869)	270	1	(84)	14 005	13 323
Operating profit (loss) before interest and tax	91 563	24 092	1 772	(2 083)	(29 106)	86 238

For detailed information on revenue from the sale of products and services, refer to note 25.

During the current year the board decided to discontinue the group's South African operations within the retail and wholesale segment. The balances relating to the discontinued operations have been removed from the segment report tables. Further information is disclosed in note 32.

The intercompany transactions referred to in note 39 occur within the Retail and Wholesale segment and are set-off against the respective line items.

There are no individual external customers within the group with whom transactions amount to 10% or more of the consolidated revenue.

4. New Standards and Interpretations

4.1 Standards and interpretations effective and adopted in the current year

Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. The effective date of the amendment is for years beginning on or after 01 January 2017.

The impact of the amendment is not material.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses as well as clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. It also clarifies certain other aspects of accounting for deferred tax assets.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The group has adopted the amendment for the first time in the 2018 annual financial statements.

The impact of the amendment is not material.

4. New Standards and Interpretations (continued)

4.2 Standards and amendment to standard not yet effective

The following standards and interpretations have been published and are mandatory for the group’s accounting periods beginning on or after 01 August 2018 or later periods:

IFRS 16: Leases

This standard replaces the current guidance in IAS 17: Leases and has far reaching changes in accounting by lessees in particular.

Under IAS 17, lessees were required to make a distinction between an 'on balance sheet' finance lease and an 'off balance' operating lease. IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a lease asset representing the right of use of a leased asset for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, the IASB has updated the guidance on the definition of a lease as well as the guidance on the combination and separation of contracts and lessors will also be affected by the new standard.

At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 16 supersedes IAS 17; IFRIC 4: Determining whether an Arrangement contains a Lease; SIC 15: Operating Leases – Incentives and SIC 27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The effective date of the standard is for years beginning on or after 01 January 2019.

The group does not envisage the adoption of the standard until such time as it becomes applicable to the group's operations.

The impact of this standard is currently being assessed by the group.

Amendments to IFRS 15: Clarifications to IFRS 15: Revenue from Contracts with Customers

The amendment , issued after the standard, provides clarification and further guidance regarding certain issues in IFRS 15; refer detail on IFRS 15 below. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after 01 January 2018.

The group expects to adopt the amendment for the first time in the 2019 annual financial statements.

The impact of this amendment is currently being assessed along with the rest of the standard.

IFRS 9: Financial Instruments

This standard replaces the guidance in IAS 39: Financial Instruments: Recognition and Measurement. The standard includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the current incurred loss impairment model.

The effective date of the standard is for years beginning on or after 01 January 2018.

The group does not envisage the adoption of the standard until such time as it becomes applicable to the group's operations.

4. New Standards and Interpretations (continued)

The impact of this standard is currently being assessed. The group has elected not to restate comparative figures, as permitted by the

transitional provisions of IFRS 9. Accordingly, any differences between previous IAS 39 and new IFRS 9 carrying amounts will be recognised in opening retained earnings and other reserves as at 1 August 2019.

Classification and measurement: The group did not identify instances where the classification and measurement of financial assets changed from amortisedcost to fair value and vice versa under IFRS 9.

Impairments: The group and company assessed the impact of IFRS 9's Expected credit losses ('ECL') impairment requirements and do not expect that it will have an significant impact on current level of impairment.

Notes to the Annual Financial Statements

4. New Standards and Interpretations (continued)

IFRS 15: Revenue from Contracts with Customers

The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The effective date of the standard is for years beginning on or after 01 January 2018.

The group does not envisage the adoption of the standard until such time as it becomes applicable to the group's operations.

The impact of this standard is currently being assessed by management.

The group has elected not to restate comparative figures, as permitted by the transitional provisions of IFRS 15. Accordingly, the group shall recognise the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings on 1 August 2018. Under this transition method, the group shall apply this Standard retrospectively only to contracts that are not completed contracts at 1 August 2018.

Notes to the Annual Financial Statements

5. Property, plant and equipment

Group	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	37 553	-	37 553	37 553	-	37 553
Buildings	337 808	(2 338)	335 470	337 865	(6 571)	331 294
Machinery and electrical equipment	6 658	(4 257)	2 401	6 015	(3 603)	2 412
Furniture and fittings	4 527	(2 139)	2 388	4 480	(1 836)	2 644
Motor vehicles	13 940	(7 667)	6 273	13 403	(6 882)	6 521
Office equipment	308	(203)	105	262	(162)	100
IT equipment	18 284	(10 360)	7 924	17 676	(8 385)	9 291
Signage	543	(120)	423	385	(83)	302
Leasehold improvements	4 432	-	4 432	-	-	-
Branch fittings and displays	15 140	(7 328)	7 812	13 266	(6 535)	6 731
Operating assets	12 399	(7 255)	5 144	11 718	(6 061)	5 657
Total	**451 592**	**(41 667)**	**409 925**	**442 623**	**(40 118)**	**402 505**

Company	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	37 553	-	37 553	37 553	-	37 553
Buildings	337 771	(2 338)	335 433	337 865	(6 571)	331 294
Machinery and electrical equipment	6 265	(3 997)	2 268	5 707	(3 368)	2 339
Furniture and fittings	4 449	(2 089)	2 360	4 413	(1 794)	2 619
Motor vehicles	13 768	(7 510)	6 258	13 231	(6 725)	6 506
Office equipment	258	(146)	112	202	(109)	93
IT equipment	17 799	(10 091)	7 708	17 154	(8 199)	8 955
Signage	543	(120)	423	385	(83)	302
Leasehold improvements	4 432	-	4 432	-	-	-
Branch fittings and displays	14 968	(7 177)	7 791	13 094	(6 390)	6 704
Operating assets	12 385	(7 244)	5 141	11 704	(6 050)	5 654
Total	**450 191**	**(40 712)**	**409 479**	**441 308**	**(39 289)**	**402 019**

Figures in Namibia Dollar thousand

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2018

	Opening balance	Additions	Disposals	Transfers	Depreciation	Closing balance
Land	37 553	-	-	-	-	37 553
Buildings	331 294	11 056	(1 865)	(4 957)	(58)	335 470
Machinery and electrical equipment	2 412	667	(17)	-	(661)	2 401
Furniture and fittings	2 644	80	(10)	-	(326)	2 388
Motor vehicles	6 521	855	(96)	-	(1 007)	6 273
Office equipment	100	53	(2)	-	(46)	105
IT equipment	9 291	956	(150)	-	(2 173)	7 924
Signage	302	160	-	-	(39)	423
Leasehold improvements	-	35	-	4 957	(560)	4 432
Branch fittings and displays	6 731	3 183	(1 298)	-	(804)	7 812
Operating assets	5 657	741	(15)	-	(1 239)	5 144
	402 505	**17 786**	**(3 453)**	**-**	**(6 913)**	**409 925**

Reconciliation of property, plant and equipment - Group - 2017

	Opening balance	Additions	Disposals	Transfers to investment property	Depreciation	Closing balance
Land	37 553	-	-	-	-	37 553
Buildings	327 472	4 519	-	(220)	(477)	331 294
Machinery and electrical equipment	2 240	778	(32)	-	(574)	2 412
Furniture and fittings	2 289	641	(8)	-	(278)	2 644
Motor vehicles	6 065	877	(150)	-	(271)	6 521
Office equipment	130	-	-	-	(30)	100
IT equipment	2 865	7 794	(416)	-	(952)	9 291
Signage	7	315	-	-	(20)	302
Branch fittings and displays	5 296	1 748	-	-	(313)	6 731
Operating assets	7 570	281	(408)	-	(1 786)	5 657
	391 487	**16 953**	**(1 014)**	**(220)**	**(4 701)**	**402 505**

Notes to the Annual Financial Statements

Figures in Namibia Dollar thousand

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2018

	Opening balance	Additions	Disposals	Transfers	Depreciation	Closing balance
Land	37 553	-	-	-	-	37 553
Buildings	331 294	11 019	(1 865)	(4 957)	(58)	335 433
Machinery and electrical equipment	2 339	625	(17)	-	(679)	2 268
Furniture and fittings	2 619	84	(10)	-	(333)	2 360
Motor vehicles	6 506	856	(96)	-	(1 008)	6 258
Office equipment	93	64	(2)	-	(43)	112
IT equipment	8 955	916	(91)	-	(2 072)	7 708
Signage	302	158	-	-	(37)	423
Leasehold improvements	-	-	-	4 957	(525)	4 432
Branch fittings and displays	6 704	3 183	(1 298)	-	(798)	7 791
Operating assets	5 654	741	(14)	-	(1 240)	5 141
	402 019	**17 646**	**(3 393)**	**-**	**(6 793)**	**409 479**

Figures in Namibia Dollar thousand

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2017

	Opening balance	Additions	Disposals	Transfers to investment property	Depreciation	Closing balance
Land	37 553	-	-	-	-	37 553
Buildings	327 472	4 519	-	(220)	(477)	331 294
Machinery and electrical equipment	2 147	778	(32)	-	(554)	2 339
Furniture and fittings	2 255	639	(7)	-	(268)	2 619
Motor vehicles	6 049	877	(150)	-	(270)	6 506
Office equipment	119	-	-	-	(26)	93
IT equipment	2 862	7 459	(416)	-	(950)	8 955
Signage	7	315	-	-	(20)	302
Branch fittings and displays	5 280	1 729	-	-	(305)	6 704
Operating assets	7 566	281	(407)	-	(1 786)	5 654
	391 310	**16 597**	**(1 012)**	**(220)**	**(4 656)**	**402 019**

Detailed information on property, plant and equipment is maintained in a register which is open for inspection by shareholders and their authorised agents at the company's registered office.

Included in the consolidated depreciation of N$ 6 912 508 (2017: N$ 4 701 047) is depreciation relating to discontinued operations amounting to N$ 12 585 (2017: N$ 13 116).

Notes to the Annual Financial Statements

5. Property, plant and equipment (continued)

Depreciation rates

The depreciation methods and useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Not depreciated	Infinite
Buildings	Straight line	50 years
Machinery and electrical equipment	Straight line	5 years
Furniture and fixtures	Straight line	5 - 10 years
Motor vehicles	Straight line	3 - 5 years
Office equipment	Straight line	3 - 10 years
IT equipment	Straight line	5 years
Signage	Straight line	10 years
Branch fittings and displays	Straight line	10 years

Rental income for the lease of land and buildings derived by the group and company amounted to N$ 16 810 164 (2017: N$ 16 810 164) and N$ 17 082 795 (2017: N$ 16 810 164), respectively.

Certain items of land and buildings the group and company have been encumbered. For detailed information on current and non-current borrowings secured by land and buildings, refer to notes 16 and 21.

The land and buildings of the group were valued by the directors during the year based on the properties' replacement cost method. The fair value of the group and company's land and buildings is considered to be N$ 586 417 653 (2017: N$ 534 541 881).

6. Investment property

Group and Company	2018			2017		
	Valuation	Accumulated depreciation	Carrying value	Valuation	Accumulated depreciation	Carrying value
Investment property	47 669	(35)	47 634	31 342	-	31 342

Reconciliation of investment property - Group and Company - 2018

	Opening balance	Additions through business combinations	Depreciation	Fair value adjustments	Total
Investment property	31 342	16 250	(34)	76	47 634

Reconciliation of investment property - Group and Company - 2017

	Opening balance	Disposals	Transfers from property, plant and equipment	Fair value adjustments	Total
Investment property	15 128	(269)	220	16 263	31 342

Detailed information on investment property maintained in a register which is open for inspection by shareholders and their authorised agents at the company's registered office.

Investment property with a carrying amount of N$ 8 750 000 (2017: N$ 8 750 000) is held as security for borrowings. For more detail on borrowings, refer to note 21.

Each of the investment properties is valued by an independant third party at least once in a 5 year cycle. The valuation is based on the replacement cost method was last performed by Mr Frank-Schultz, a qualified property valuator from Joseph and Snyman Real Estate. All properties are otherwise valued by directors during the periods in which they are not independantly valuated.

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

6. Investment property (continued)

Amounts recognised in profit or loss for investment properties:				
Rental income	2 455	1 660	1 855	1 660
Direct operating expenses	776	1 045	659	1 045
Fair value gain	76	16 263	76	16 263
	3 307	**18 968**	**2 590**	**18 968**

7. Goodwill

Group	2018			2017		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	1 306	(1 306)	-	1 306	-	1 306

Reconciliation of goodwill - Group 2018

	Opening balance	Impairment	Total
Goodwill - opening and closing balance	1 306	(1 306)	-

Reconciliation of goodwill - Group 2017

Goodwill - opening and closing balance	1 306

Goodwill was previously allocated to the group's cash-generating units ("CGUs") identified according to business operating segments. All of the goodwill arose in the acquisition of the Rosenthal Group, which forms part of the Hunting and Outdoor segment.

To determine the value-in-use, cash flow projections were used based on financial budgets approved by management for one year, extrapolated using a growth rate of 5% over the following 4 years, in total covering a five-year period. Cash flows beyond the five-year period were extrapolated using a growth rate of 3%. The long-term growth rate did not exceed the average long-term growth rate for the industry in which the CGU operates.

Certain assumptions were used for the analysis of the budgeted cash flows within the segment. Management determined budgeted gross profit margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry reports. A pre-tax discount rate of 10.88% was used, after adjusting specific risks relating to the segment

It was determined that the recoverable amount of the CGU exceeded the carrying amount of that CGU and management concluded that goodwill should be impaired to nil. An amount of N$ 40 000 of the impairment relates to discontinued operations.

8. Intangible assets

Group	2018			2017		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software - other	1 326	(1 309)	17	1 373	(1 188)	185
Computer software - ERP	17 376	(1 895)	15 481	15 387	(7)	15 380
Total	**18 702**	**(3 204)**	**15 498**	**16 760**	**(1 195)**	**15 565**

8. Intangible assets (continued)

Company	2018			2017		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software - other	1 304	(1 303)	1	1 324	(1 188)	136
Computer software - ERP	17 376	(1 895)	15 481	15 387	(7)	15 380
Total	**18 680**	**(3 198)**	**15 482**	**16 711**	**(1 195)**	**15 516**

Reconciliation of intangible assets - Group - 2018

	Opening balance	Additions	Amortisation	Total
Computer software - ERP	15 380	1 957	(1 856)	15 481
Computer software - other	185	-	(168)	17
	15 565	**1 957**	**(2 024)**	**15 498**

Reconciliation of intangible assets - Group - 2017

	Opening balance	Additions	Amortisation	Total
Computer software - ERP	-	15 384	(4)	15 380
Computer software - other	70	199	(84)	185
	70	**15 583**	**(88)**	**15 565**

Reconciliation of intangible assets - Company - 2018

	Opening balance	Additions	Amortisation	Total
Computer software - ERP	15 380	1 957	(1 856)	15 481
Computer software - other	136	32	(167)	1
	15 516	**1 989**	**(2 023)**	**15 482**

Reconciliation of intangible assets - Company - 2017

	Opening balance	Additions	Amortisation	Total
Computer software - ERP	-	15 384	(4)	15 380
Computer software - other	21	199	(84)	136
	21	**15 583**	**(88)**	**15 516**

Amortisation rates

The amortisation methods and useful lives of intangible assets have been assessed as follows, with no residual value:

Item	**Depreciation method**	**Average useful life**
Computer software - ERP	Straight line	10 years
Computer software - other	Straight line	5 years

2018 N$ '000
2017 N$ '000

9. Investments in subsidiaries

The following table lists the subsidiaries, including consolidated structured entities, which are controlled by thegroup. All subsidiaries are directly held.

Company

Name of company	Number of shares held	% holding 2018	% holding 2017	Carrying amount 2018	Carrying amount 2017
Agra Properties (Pty) Ltd	100	100.00 %	100.00 %	-	-
Ondangwa Service Station (Pty) Ltd	700	70.00 %	70.00 %	1	1
Agra Oshivelo Retail (Pty) Ltd	84	84.00 %	84.00 %	-	-
Auas Veterinary and Medical Suppliers (Pty) Ltd	1	100.00 %	100.00 %	-	-
Agra Employee Share Trust	None - refer below	- %	- %	-	-
A Rosenthal (Pty) Ltd	8 000	100.00 %	100.00 %	11 361	11 361
Kalahari Arms and Ammunition (Pty) Ltd	1 000	100.00 %	100.00 %	1 160	1 160
A Rosenthal (Cape) (Pty) Ltd	6 000	100.00 %	100.00 %	-	-
Inter-Arms (Pty) Ltd	100	100.00 %	100.00 %	-	-
Bonsec Investments Sixty Four (Pty) Ltd	100	100.00 %	- %	5 275	-
				17 797	12 522

Business combination

On 1 March 2018 the company acquired 100% of the equity of Bonsec Investments Sixty Four (Pty) Ltd. For further disclosure regarding the business combination refer to note 35.

Reporting period

The financial year end of Bonsec Investments Sixty Four (Pty) Ltd is 30 June and the company is in the process of changing the year end to align with the rest of the group.

Subsidiaries included in discontinued operations

During the year a decision was made to discontinue the South African operations, namely Inter-Arms (Pty) Ltd and A Rosenthal (Cape) (Pty) Ltd. Refer to note 32 for more information.

Interest in consolidated structured entity

The Agra Employee Share Trust is a consolidated structured entity of the group. The trust has been established to provide financial support to employees in order to become owners of shares in Agra Limited. Currently the Trust is dormant and there are no assets or liabilities, contingent or otherwise, associated with the subsidiary. The Trust is consolidated at 100% (2017: 100%).

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

10. Loans to (from) group companies

Subsidiaries

A. Rosenthal (Pty) Ltd	-	-	14 427	8 500
Inter-Arms (Pty) Ltd	-	-	(835)	14 320
Kalahari Arms and Ammunition (Pty) Ltd	-	-	64	(229)
Bonsec Investments Sixty Four (Pty) Ltd	-	-	5 954	-
	-	**-**	**19 610**	**22 591**

The loans are unsecured and bear interest at rates agreed upon between the parties.

There are no fixed dates of repayment but management reviews the bank and loan balances withing the group regularly so that where possible any positive bank balances in the subsidiaries are used to repay loans while there are overdraft balances outstanding within the group.

The loans which are denominated in South African rands do not pose a currency risk. There are no other foreign currency amounts owing.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The company does not hold any collateral as security.

The carrying values of the amounts owing to and from group entities approximate their fair values.

11. Other financial assets

Measured at fair value through profit or loss - designated				
Unlisted "A" shares in Guard Risk cell	150	150	150	150
Unlisted ordinary shares in Hartlief Corporation Limited	19 077	21 562	19 077	21 562
	19 227	**21 712**	**19 227**	**21 712**

Fair value information

The shares in Hartlief Corporation Limited ("Hartlief") and Guard Risk cell are classified as Level 3 financial assets, as there are no quoted market prices available to determine the fair value of the shares. Accordingly, management used the discounted cash flow method to calculate a fair value for the investments. There has been no change in the method of valuation.

The fair value of the investment in Guard Risk is not materially different from the cost and no fair value adjustments have been made to the carrying amount.

In performing the valuation of Hartlief, management assumed a growth rate of 3%, which is in line with growth rates of a mature business. The discount rate used to calculate the present value of the cash flows is similar to the cash investment rate at a reputable banking institution.

Had management used a higher growth rate of 5%, the valuation would have been N$ 442 156 more.

Reconciliation of financial assets at fair value through profit or loss measured at level 3

Opening balance	21 712	24 739	21 712	24 739
Losses recognised in profit or loss	(2 485)	(3 027)	(2 485)	(3 027)
Closing balance	**19 227**	**21 712**	**19 227**	**21 712**

12. Deferred tax

Where the deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdictions, and the law allows net settlement, the assets and liabilities have been set off in the statement of financial position.

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

12. Deferred tax (continued)

Reconciliation of net deferred tax liability

At beginning of year	(28 434)	(19 286)	(29 449)	(20 617)
Prior year adjustments	(554)	(42)	(686)	(47)
Temporary differences on provisions and accruals recognised in other comprehensive income	(438)	(627)	(438)	(612)
Temporary differences on property, plant and equipment and intangible assets	(5 395)	(7 242)	(5 242)	(7 205)
Temporary differences on provisions and accruals	(4 403)	215	(4 402)	392
Temporary differences on prepayments	5	(5)	-	(2)
Temporary differences on property, plant and equipment through business combination	(796)	-	-	-
Temporary differences on income in advance	1 543	(1 817)	1 615	(1 624)
Utilisation of assessed loss	226	120	-	-
Temporary differences on Bank Windhoek Ring expense	(20)	(20)	(20)	(20)
Temporary differences on other assets	(162)	270	(78)	286
Closing balance	**(38 428)**	**(28 434)**	**(38 700)**	**(29 449)**

Recognition of deferred tax asset

A deferred tax asset of N$ 858 948 (2017: N$ 390 700) has been recognised for assessed losses incurred within the group. Management believes that the losses will be utilised against taxable profits in the near future.

Assessed losses within the group for which no deferred tax assets have been recognised amount to N$ 7 928 471 (2017: N$ 2 090 920). The company does not have an assessed loss (2017: nil). These losses are largely attributable to the discontinued operations.

13. Prepayments

In order to secure orders for goods, part-payments are made to foreign creditors. The prepayments are governed by a contractual agreement with each of the various global suppliers with which the group has had a long-standing business relationships.

There are no indicators of impairment and accordingly no impairment has been made.

Refer to note 2 for detail on currency risk.

14. Inventories

Merchandise	283 427	282 912	249 825	231 807
Provisions for inventory losses	(4 559)	(6 506)	(2 638)	(3 723)
	278 868	**276 406**	**247 187**	**228 084**

15. Trade and other receivables

Trade receivables	106 072	138 268	103 857	125 632
Amounts due from related parties	-	-	2 616	1 634
VAT	3 166	4 080	-	2 455
Other receivables	1 082	1 515	986	1 463
	110 320	**143 863**	**107 459**	**131 184**

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

15. Trade and other receivables (continued)

Cession of trade and other receivables

Trade and livestock debtors, included in trade receivables, have been ceded to Bank Windhoek Limited as security for the overdraft facility detailed in note 16 as well as the loan detailed in note 21. The debtors balances ceded to the bank at the end of the reporting period amounted to N$ 114 368 519 (2017: N$ 149 370 786) for the group and N$ 111 533 668 (2017: N$ 138 149 533) for the company.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired have no external credit ratings but can be assessed by reference to historical information about counterparty default rates. The group and company's standard credit terms are 30 days after statement date for retail receivables and between 7 and 30 days for auction receivables. Refer to note 2 for disclosure regarding the group's credit risk management processes.

Trade and other receivables past due but not impaired

Management calculates specific impairment amounts for all non-performing debtors. Retail receivables are considered non-performing when amounts are past due for more than 150 days. Auction debtors are considered non-performing when debts are due for more than 90 days. Any debtor balances over these credit terms are provided for.

In addition, if there is objective evidence that a debtor loan still within the credit terms may need impairment, the loan is provided for in part or in full, as management sees fit.

Interest is charged on retail and auction debtors at a rate of prime plus 3% (2017: prime plus 3%).

The ageing of trade debtors past due but not impaired is detailed in the table below. There are no other receivables past due and not impaired.

None of the group or company's receivables' terms have been renegotiated in all the years presented.

Ageing of debtors past due but not impaired

Up to 2 months past due	9 907	12 304	9 720	11 718
Up to 3 months past due	14 172	9 979	13 570	7 113
Over 3 months past due	4 669	8 372	4 767	1 976
Auctions receivables				
Up to 1 month past due	10 018	10 375	10 018	10 375
Up to 2 months past due	2 214	1 900	2 214	1 900
Up to 3 months past due	-	551	-	551
Over 3 months past due	-	-	-	-
Total trade receivables past due not impaired	**40 980**	**43 481**	**40 289**	**33 633**

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(10 834)	(10 584)	(10 817)	(10 551)
Provision for impairment	(1 097)	(356)	(987)	(383)
Amounts written off as uncollectable	-	106	-	117
Unused amounts reversed	264	-	264	-
Closing balance	**(11 667)**	**(10 834)**	**(11 540)**	**(10 817)**

The carrying amounts of trade and other receivables represent the maximum exposure to credit risk at the reporting date. Thegroup and company do not hold any collateral as security.

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

15. Trade and other receivables (continued)

Due to the short-term nature of trade and other receivables, the carrying amount is considered to be the same as the fair value. No trade or other receivables are denominated in foreign currencies.

16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4 186	1 047	3 068	982
Bank balances	7 440	5 236	792	1 436
Bank overdraft	(98 596)	(95 936)	(96 676)	(89 360)
	(86 970)	**(89 653)**	**(92 816)**	**(86 942)**

The Bank Windhoek Limited overdraft of N$ 60 279 061 (2017: N$ 55 945 556) and N$ 60 279 061 (2017: N$ 54 565 601) the group and company, respectively, has been secured by 1st, 2nd, 3rd and 4th covering mortgage bonds of N$ 20 000 000, N$ 120 174 800, N$ 20 000 000 and N$ 25 000 000 (2017: N$ 20 000 000, N$ 120 174 800, N$ 20 000 000 and N$ 25 000 000) respectively over erf 2225, Windhoek. This erf is included in property, plant and equipment at a net book value of N$ 165 471 935 (2017: N$ 165 471 935).

In addition, Trade and livestock debtors of N$ 114 368 519 (2017: N$ 149 370 786) for the group and N$ 111 533 668 (2017: N$ 138 149 533) for the company are pledged as security for the Windhoek Bank Limited overdraft.

The overdraft with First National Bank of Namibia Limited of N$ 27 092 897 (2017: N$ 15 669 423) for the group and N$ 27 046 499 (2017: N$ 15 621 500) for the company has been secured by a first mortgage bond of N$ 8 900 000 over erven 936, 1163 and 1164, Okahandja; first mortgage bond of N$ 8 300 000 over consolidated erf 1154 Church Street, Gobabis; first mortgage bond of N$ 7 000 000 over erf 4302 Messum Street, Windhoek, and first mortgage bond of N$ 6 700 000 over erven 206, 207, 209, 210 and 801 Long Street, Mariental. These erven are included in property, plant and equipment at a net book value of N$ 8 359 602 (2017: N$ 8 233 302) and in investment property at a carrying amount of N$ 8 750 000 (2017: N$ 8 750 000).

Credit quality of cash, excluding cash on hand

The credit quality of positive cash balances held at the group and company's banks, excluding cash on hand, can be assessed by reference to external credit ratings, where available, or historical information about counterparty default rates:

Credit rating				
Standard Bank South Africa Limited A1+[ZA] (2017: A1+[ZA])	3 489	2 774	-	-
Bank Windhoek Limited A1+[NA] (2017: A1+[NA])	2 224	1 026	-	-
First National Bank Namibia Limited A1+[ZA] (2017: A1+[ZA])	935	20	-	20
Nampost Savings Bank, no external credit rating (2017: none)	792	1 416	792	1 416
	7 440	**5 236**	**792**	**1 436**

17. Financial assets by category

The group classifies its financial assets according to the purpose for which the investments were acquired. The table below provides a summary of how the financial assets have been grouped. Information about these financial assets can be found throughout these financial statements.

The accounting policies for financial instruments found in note 1.9 have been applied to the line items in the following table. The line items include only those amounts which meet the definition of a financial asset and may not correspond to the amounts found in the Statement of Financial Position.

2018 N$ '000
2017 N$ '000

17. Financial assets by category (continued)

Group - 2018

	Amortised cost	Fair value through profit or loss - designated	Total
Trade and other receivables	106 635	-	106 635
Other financial assets	-	19 227	19 227
Cash and cash equivalents	11 626	-	11 626
	118 261	**19 227**	**137 488**

Group - 2017

	Amortised cost	Fair value through profit or loss	Total
Trade and other receivables	139 450	-	139 450
Other financial assets	-	21 712	21 712
Cash and cash equivalents	6 283	-	6 283
	145 733	**21 712**	**167 445**

Company - 2018

	Amortised cost	Fair value through profit or loss - designated	Total
Loans to group companies	20 445	-	20 445
Trade and other receivables	107 128	-	107 128
Other financial assets	-	19 227	19 227
Cash and cash equivalents	3 860	-	3 860
	131 433	**19 227**	**150 660**

Company - 2017

	Amortised cost	Fair value through profit or loss	Total
Loans to group companies	22 890	-	22 890
Trade and other receivables	128 612	-	128 612
Other financial assets	-	21 712	21 712
Cash and cash equivalents	2 418	-	2 418
	153 920	**21 712**	**175 632**

Changes in fair value, interest and dividends relating to the financial assets of the group and company are recognised in profit or loss at the date of fair value determination, in the case of financial assets measured at fair value, or accrual, in the case of interest and dividend income.

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

18. Share capital

Authorised				
120 000 000 Ordinary shares of N$ 1 each	120 000	120 000	120 000	120 000

There were no changes in authorised or issued share capital for all the periods presented. The unissued shares are under the control of the directors until the next annual general meeting.

Issued				
102 162 871 Ordinary shares of N$1 each	102 163	102 163	102 163	102 163

19. Revaluation reserve

The revaluation reserve comprises the fair value adjustments relating to investment property which have been transferred from retained earnings.

Opening balance	28 224	11 961	28 224	11 961
Fair value adjustments	77	16 263	77	16 263
Closing balance	**28 301**	**28 224**	**28 301**	**28 224**

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

20. Post-retirement benefit obligation

Post-retirement defined medical aid subsidy scheme

The Group operates a post-retirement medical aid subsidy scheme ('PRMA') and has recognised a liability on the statement of financial position which represents the present value of future post-retirement medical aid benefits.

The Group pays either 50% or 100% of the Express Care product of the Renaissance Health Medical Aid Fund subsidy on behalf of qualifying PRMA members directly to the fund during the lifetime of the qualifying members. Qualifying members are former employees surviving spouses who are currently receiving a monthly PRMA subsidy scheme payment. There are no longer any new employees who qualify for this benefit, as this benefit ceased 1 August 1998.

The method used to value the liability is the Projected Unit Credit method.

The present value of the liability is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating that of the related post-employment benefit obligations.

The net costs associated with the liability are recognised over the expected period of obligation in the period which they are expected to materialise.

The scheme is not funded by any assets.

Reconciliation of obligation - group and company

	Group 2018	Group 2017	Company 2018	Company 2017
Opening balance			35 000	37 024
Benefits paid			(3 644)	(3 560)
Interest expense			2 917	3 171
Actuarial gain			(641)	(1 635)
Present value of obligation at 31 July			**33 632**	**35 000**

Net gains (losses) recognised - group and company

	Group 2018	Group 2017	Company 2018	Company 2017
Interest cost recognised in profit or loss			2 917	3 171
Actuarial gains recognised in equity through other comprehensive income			(641)	(1 635)
			2 276	**1 536**

The likely affect on the group and company's future cash flows is presented below in the table on the projected value of the obligation.

Projected value - Group and Company

	Group 2018	Group 2017	Company 2018	Company 2017
Carrying amount as at 31 July 2018			33 632	35 000
Estimated interest cost			2 794	2 917
Estimated benefit payments			(3 856)	(3 773)
Projected value of scheme as at 31 July 2019			**32 570**	**34 144**

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

20. Post-retirement benefit obligation (continued)

Key assumptions used and sensitivity analysis

The key valuation assumptions used in the valuation can be split into financial and demographic assumptions.

Financial assumptions
Financial assumptions used on last valuation on 31 July 2018 for both group and company (2017: 31 July 2017) are as follows:

Discount rate per annum	8.80 %	8.80 %
Price inflation per annum	5.30 %	5.80 %

These two financial assumptions are interactive and are not viewed independently. A net actuarial gain of N$ 772 000 is the cumulative differences as a result of changes in financial assumptions relating to discount rates and inflation and the effect on subsidy payments.

If the real rate of return of 3.5% (2017: 3%) used in the calculation had changed by 1% either way , the obligation would have been valued N$ 31 588 000 or N$ 35 934 000 (2016: N$ 34 814 000 or N$ 35 301 000) for an increase or decrease in the rate, respectively. The affect on profit or loss would not have been material.

Demographic assumptions
Key demographic assumptions are continuation member mortality rates and family statistics, neither of which has changed significantly in comparison with the prior year. An actuarial loss of N$ 131 000 is attributable to these changes.

Currently there are 81 retired pensioner members (2017: 85) at an average age of 77 (2017: 76). The post-retirement mortality assumptions are based on the PA (90) Mortality Table with a 1 year age adjustment and allows for mortality improvements of 0.5% p.a. from 2007 onwards. These assumptions are consistent with those that are being used for valuing retirement funds in Namibia.

The impact of a heavier mortality rate, based on the PA (90) table, would result in a lower liability of N$ 31 543 000 (2017: N$ 32 811 000) being recognised.

21. Borrowings

Held at amortised cost				
Loan from Bank Windhoek Limited The loan is repayable in 81 (2016: 93) instalments of N$ 1 543 111 (2017: N$ 1 556 219) and bears interest at a variable rate of 10.5%, being prime less 0.25%.	90 724	99 605	90 724	99 605
Loan from DEG The loan is repayble in bi-annual instalments of N$ 6 250 000 (2017: N$ 6 250 000) with final instalment due in 2023. The loan bears in interest at fixed rates of 12.85% and 12.25% on 1st N$ 50m and 2nd N$ 50m respectively.	70 589	83 460	70 589	83 460
	161 313	**183 065**	**161 313**	**183 065**

The loan with Bank Windhoek Limited is secured by means of a first, second, third and fourth covering mortgage bond of N$ 20 000 000, N$ 120 174 800, N$ 20 000 000 and N$ 25 000 000 (2017: N$ 20 000 000, N$ 120 174 800, N$ 20 000 000 and N$ 25 000 000) respectively over erf 2225, Windhoek. This erf is included in property, plant and equipment at a net book value of N$ 167 455 613 (2017: N$ 165 471 934).

The loan with DEG is secured by means of a first continuing covering mortgage bond of N$ 130 000 000 over the properties at the branches in Opuwo, Tsumeb, Grootfontein, Otjiworongo and Lafrenz. These properties are included in property, plant and equipment with a combined net book value of N$ 162 421 686 (2017: N$ 162 206 920).

Information on how the group manages financial risk related to borrowings can be found in note 2, along with sensitivity and maturity analysis of borrowings.

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

22. Provisions

Reconciliation of provisions - Group - 2018

	Opening balance	New provisions / service costs / interest	Amounts utilised / benefits paid	Unutilised amounts reversed	Actuarial (gain) loss	Total
Provision for bonuses	21 514	10 668	(23 982)	(81)	-	8 119
Provision for severance pay	1 893	542	(55)	-	(126)	2 254
	23 407	**11 210**	**(24 037)**	**(81)**	**(126)**	**10 373**

Reconciliation of provisions - Group - 2017

	Opening balance	New provisions / service costs / interest	Amounts utilised / benefits paid	Unutilised amounts reversed	Actuarial (gain) loss	Total
Provision for bonuses	21 210	24 602	(23 693)	(605)	-	21 514
Provision for severance pay	1 827	447	(11)	-	(370)	1 893
	23 037	**25 049**	**(23 704)**	**(605)**	**(370)**	**23 407**

Reconciliation of provisions - Company - 2018

	Opening balance	New provisions / service costs / interest	Amounts utilised / benefits paid	Unutilised amounts reversed	Actuarial (gain) loss recognised in OCI	Total
Provision for bonuses	21 307	10 383	(23 750)	(85)	-	7 855
Provision for severance pay	1 858	531	(43)	-	(129)	2 217
	23 165	**10 914**	**(23 793)**	**(85)**	**(129)**	**10 072**

Reconciliation of provisions - Company - 2017

	Opening balance	New provisions / service costs / interest	Amounts utilised / benefits paid	Unutilised amounts reversed	Actuarial (gain) loss recognised in OCI	Total
Provision for bonuses	20 565	24 243	(23 234)	(267)	-	21 307
Provision for severance pay	1 747	430	(11)	-	(308)	1 858
	22 312	**24 673**	**(23 245)**	**(267)**	**(308)**	**23 165**

Provision for bonuses
The provision for bonuses represents management's best estimate of incentive and annual bonuses to be paid to employees.

Provision for severance pay
The provision for severance pay represents the actuarial calculation of the severance benefits payable to employees in accordance with Namibian Labour Act. The benefits become due to the employee or their families at the termination of the employment contract for various possible reasons.

There are no assets held to offset the provision for severance pay.

The method used to value the liability is the Projected Unit Credit method. The present value of the liability present value of expected future benefits based on service up to the valuation date but projecting salaries until the expected date of exit from employment.

The projected value of the liability at the end of the next reporting period is expected to be N$ 234 000.

The key valuation assumptions used in the valuation can be split into financial and demographic assumptions.

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

22. Provisions (continued)

Financial assumptions used on last valuation on 31 July 2018 for both group and company are discount rate 8.3% (2017: 8.2%), salary inflation of 6.1% (2017: 6.2%). Had the real interest rate of 2.2% (2017: 2.0%) been 1% higher or lower, valuation of the liability would have been N$ 129 000 lower and N$ 145 000 higher respectively. The affect on profit or loss would not be material.

The key demographic assumptions are mortality, withdrawal, retirement and the promotional salary scale which did not change in comparison with the prior year's valuation. Assuming a 50% lower withdrawal rate, the valuation of the liability and the affect on profit or loss would not be material.

23. Trade and other payables

Trade payables	117 314	141 326	117 605	135 070
Amounts received in advance	2 520	-	-	-
VAT	13 230	256	12 813	-
Accrued leave pay	11 280	10 828	10 709	10 223
Other payables	29 191	19 775	27 562	16 949
	173 535	**172 185**	**168 689**	**162 242**

All trade and other payables are denominated in Namibian dollars.

Neither the group nor company defaulted on any trade and other payable terms of repayment during the years presented.

The carrying amount of trade and other receivables is considered to approximate the fair value.

24. Financial liabilities by category

The group classifies its financial liabilities according to the purpose for which the investments were acquired. Information about these financial liabilities can be found throughout these financial statements.

The accounting policies for financial instruments have been applied to the line items presented in the table below which is a summary of how the financial liabilities have been grouped by management. Only items that meet the definition of a financial liability have been included accordingly the values may not agree with the line items in the statement of financial position. The accounting policies pertaining to these liabilities can be found in note 1.9.

Group and Company - financial liabilities at amortised cost				
Borrowings - current and non-current	161 313	183 065	161 313	183 065
Group loans	-	-	835	299
Trade and other payables	140 958	160 897	139 548	151 917
Dividend payable	2 504	6 130	2 504	6 130
Bank overdraft	98 597	95 637	96 676	89 362
	403 372	**445 729**	**400 876**	**430 773**

Where interest is charged on financial liabilities of the group and company it is recognised in profit or loss at the date of accrual.

25. Revenue

Sale of goods	1 434 491	1 462 385	1 372 510	1 400 210
Rendering of services	79 805	59 209	79 560	58 856
Rental income	19 298	18 470	18 938	18 470
Consulting fees	4 801	3 980	4 801	4 005
Miscellaneous other revenue	12 878	2 705	14 596	3 356
	1 551 273	**1 546 749**	**1 490 405**	**1 484 897**

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
26. Other operating income				
Bad debts recovered	8 920	7 082	8 918	7 074
Other income	261	324	-	75
	9 181	**7 406**	**8 918**	**7 149**
27. Net operating gains				
Gains (losses) on disposals, scrappings and settlements				
Investment property	-	250	-	250
Property, plant and equipment	(25)	(30)	(25)	(30)
Bargain purchase gain in business combination	954	-	-	-
	929	**220**	**(25)**	**220**
Foreign exchange losses				
Net foreign exchange loss	(198)	(69)	(198)	(124)
Fair value gains (losses)				
Investment property	76	16 263	76	16 263
Trade and other payables	-	913	-	-
Investments measured at fair value through profit and loss	(2 485)	(3 027)	(2 485)	(3 027)
	(2 409)	**14 149**	**(2 409)**	**13 236**
Net operating gains	**(1 678)**	**14 300**	**(2 632)**	**13 332**

28. Operating profit

Operating profit for the year is stated after charging the items presented below, amongst others.

	Group 2018 N$ '000	Group 2017 N$ '000	Company 2018 N$ '000	Company 2017 N$ '000
Auditor's remuneration - external				
Audit fees	(1 492)	(941)	(1 049)	(704)
Adjustment for previous year	54	-	62	-
Tax and secretarial services	(239)	(289)	(81)	(150)
Other consultation services	(592)	(116)	(587)	(116)
	(2 269)	**(1 346)**	**(1 655)**	**(970)**
Employee costs				
Salaries, wages, bonuses and other benefits	(142 270)	(151 542)	(137 345)	(145 854)
Directors' fees	(773)	(824)	(773)	(824)
Directors' reimbursive costs	(390)	(321)	(390)	(321)
Other short term costs	(21)	-	-	-
Retirement benefit plans: defined contribution expense	(15 176)	(13 687)	(14 668)	(13 201)
Termination benefits	(120)	(284)	(132)	(276)
Total employee costs	**(158 750)**	**(166 658)**	**(153 308)**	**(160 476)**

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

28. Operating profit (continued)

Break down of expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Administration and management fees	-	-	(996)	-
Advertising	(6 229)	(5 379)	(6 119)	(5 321)
Amortisation	(2 025)	(88)	(2 024)	(88)
Auditors remuneration - external auditors	(2 377)	(1 346)	(1 779)	(970)
Bad debts	(8 316)	(3 023)	(8 278)	(3 021)
Bank charges	(11 407)	(8 971)	(10 952)	(8 539)
Cleaning	(1 435)	(1 361)	(1 413)	(1 342)
Commission paid	(20 955)	(15 243)	(20 949)	(15 236)
Computer expenses	(8 822)	(7 982)	(8 775)	(7 885)
Consulting and professional fees - legal fees	(1 432)	(1 712)	(1 432)	(1 712)
Consulting and professional fees - other	(3 369)	(3 103)	(3 333)	(3 009)
Consumables	(81)	(89)	(49)	(89)
Delivery expenses	(25)	-	-	-
Depreciation	(6 948)	(4 688)	(6 828)	(4 656)
Donations	(31)	-	(31)	-
Employee costs	(158 750)	(166 658)	(153 308)	(160 476)
Entertainment	(56)	(56)	(50)	(56)
Health and safety	(471)	(508)	(470)	(479)
Fines and penalties	(1 321)	(130)	(1 321)	(108)
Impairment	(1 266)	-	(5 235)	-
Insurance	(2 245)	(2 745)	(2 258)	(2 669)
IT expenses	(203)	(170)	-	-
Lease rentals on operating lease	(11 641)	(9 911)	(9 736)	(8 184)
Levies	(97)	(43)	(115)	(38)
Motor vehicle expenses	(3 619)	(3 480)	(3 599)	(3 431)
Municipal expenses	(11 632)	(11 644)	(10 906)	(11 075)
Other expenses	(829)	(714)	(1 083)	(443)
Packaging	(1 076)	(1 358)	(1 074)	(1 346)
Postage	(399)	(412)	(381)	(406)
Printing and stationery	(2 330)	(2 224)	(2 295)	(2 151)
Repairs and maintenance	(5 044)	(4 225)	(4 917)	(4 205)
Safeguarding of stock	(207)	(241)	(207)	(241)
Security	(5 005)	(4 510)	(4 765)	(4 284)
Stock losses	(1 621)	(4 598)	(1 621)	(4 598)
Subscriptions	(597)	(560)	(577)	(498)
Telephone and fax	(1 290)	(1 336)	(1 227)	(1 220)
Transport and freight	(3 259)	(2 508)	(3 259)	(2 399)
Travel - local	(2 132)	(2 080)	(2 107)	(2 038)
Travel - overseas	(394)	(318)	(371)	(277)
	(288 936)	**(273 414)**	**(283 840)**	**(262 490)**

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
29. Investment income				
Interest income				
Bank and other cash	1 165	1 312	1 011	931
Trade and other receivables	6 163	5 167	5 950	5 166
Other financial assets	155	56	173	56
Subsidiaries	-	-	2 254	2 973
	7 483	**6 535**	**9 388**	**9 126**
30. Finance costs				
Trade and other payables	3 269	3 323	3 118	3 323
Bank borrowings	27 226	25 676	26 769	26 087
Other interest paid	1	5	-	-
Total finance costs	**30 496**	**29 004**	**29 887**	**29 410**

31. Taxation

Major components of tax expense

	Group 2018 N$ '000	Group 2017 N$ '000	Company 2018 N$ '000	Company 2017 N$ '000
Current				
Local income tax - current period	7 152	7 111	6 567	6 676
Deferred				
Originating and reversing temporarty differences	8 333	8 466	8 319	8 163
Arising from prior period adjustments	620	42	686	47
	8 953	**8 508**	**9 005**	**8 210**
	16 105	**15 619**	**15 572**	**14 886**

Reconciliation between applicable tax rate and average effective tax rate

	Group 2018	Group 2017	Company 2018	Company 2017
Applicable tax rate	32.00 %	32.00 %	32.00 %	32.00 %
Amounts not subject to tax	(2.04)%	(7.61)%	0.31 %	(8.11)%
Adjustments for prior years' deferred tax	1.16 %	0.06 %	1.46 %	0.07 %
Adjustments for prior years' current tax	- %	0.04 %	- %	- %
Average effective tax rate	**31.12 %**	**24.49 %**	**33.77 %**	**23.96 %**

The income tax rate of 32% remained unchanged (2017: 32%).

No tax is attributable to discontinued operations.

32. Discontinued operations

The group has decided to discontinue its operations in South Africa due to lack of return on investment. Management estimates that the net assets of the discontinued operations will be wound down within 12 months of year end.

Amounts relating to the South African division are presented in the tables below. The full amount is attributable to the ordinary shareholders of the company.

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

32. Discontinued operations (continued)

Balances included in the Statement of financial position				
Property, plant and equipment	13	85		
Cash and cash equivalents	4 560	3 084		
Inventory	92	17 355		
Trade and other receivables	2 865	4 387		
Current tax asset	-	71		
Trade and other payables	(963)	(6 326)		
	6 567	**18 656**		
Amounts included in profit or loss				
Revenue	19 388	13 018		
Cost of sales	(18 144)	(9 740)		
Other operating income	-	22		
Net operating (losses) gains	(907)	977		
Operating expenses	(4 158)	(3 262)		
Investment income	6	20		
Finance costs	(15)	-		
Taxation	-	(24)		
	(3 830)	**1 011**		
Cash flows from discontinued operations				
Operating activities	(1 476)	191		
Investing activities	-	(61)		
	(1 476)	**130**		

33. Cash generated from operations

Profit before taxation from continuing operations	51 625	63 769	46 071	62 134
(Loss) profit before taxation from discontinued operations	(3 830)	1 011	-	-
Adjustments for non-cash items:				
Depreciation and amortisation	8 973	4 776	8 852	4 744
Net gains on disposals of assets	25	(220)	25	(220)
Unrealised gains on foreign exchange	257	(289)	257	(289)
Investment income	(7 483)	(6 535)	(9 388)	(9 126)
Finance costs	30 496	29 004	29 887	29 410
Fair value losses (gains)	2 409	(14 152)	2 409	(13 236)
Impairment losses	1 306	-	5 235	-
Movement in provisions for bonuses and severance pay	11 129	24 444	10 829	24 406
Bargain purchase gain on business combination	(954)	-	-	-
Movement in provision for doubtful debts	(833)	356	(723)	383
Movement in provision for inventory losses	1 947	1 044	1 085	1 025
Changes in working capital:				
Inventories	(4 409)	(10 795)	(20 188)	(15 534)
Trade and other receivables	34 279	(57 491)	24 348	(56 799)
Prepayments	(12 720)	(2 069)	(10 872)	(2 069)
Trade and other payables	1 444	20 559	6 549	17 756
	113 661	**53 412**	**94 376**	**42 585**

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

34. Tax paid

Balance at beginning of the year	4 797	2 496	2 538	2 467
Current tax for the year recognised in profit or loss	(7 152)	(7 111)	(6 567)	(6 676)
Balance at end of the year	(4 653)	(4 797)	(2 024)	(2 538)
	(7 008)	**(9 412)**	**(6 053)**	**(6 747)**

35. Business combination

Bonsec Investments Sixty Four (Pty) Ltd

On 1 March 2018 the group acquired 100% of the voting equity interest of Bonsec Investments Sixty Four (Pty) Ltd ('Bonsec') which resulted in the group obtaining control over and consolidating the company into the group results from that date.

Bonsec is principally a property investment company and is expected to positively contribute to building the group's property investment portfolio.

The purchase price of N$ 14 500 000 was paid in cash and resulted in a bargain purchase gain amounting to N$ 954 164 being recognised in the current year's profits. The negative goodwill arose out of the well-priced opportunity that the group took advantage of.

Fair value of asset acquired and liabilities assumed

Investment property	16 250
Shareholders' loans	(9 225)
Deferred tax liability	(796)
Total identifiable net assets	6 229
Elimination of intercompany loan	9 225
Gain on a bargain purchase in a business combination	(954)
Cash outflow on business combination	**14 500**

Operating income and profit after tax related to Bonsec Sixty Four (Pty)Ltd

Rental income of N$ 360 000 and profit of N$ 1 445 107 of Bonsec has been included in the group's results since the date of acquisition.

Group revenue and profit for full year

Had the business combination taken place at the beginning of the reporting year, the revenue for the group would have been N$ 1 578 340 067 (N$ 1 646 749) and the profit for the year would have been N$ 31 885 832 (2017: N$ 49 045 521 profit).

36. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group and Company - 2018

	Opening balance	Interest	Payments	Closing balance
Borrowings	183 065	19 090	(40 842)	161 313
Dividend payable	6 130	-	(3 626)	2 504
	189 195	**19 090**	**(44 468)**	**163 817**

Reconciliation of liabilities arising from financing activities - Group and Company - 2017

	Opening balance	Dividend declaration	Interest	Payments	Closing balance
Borrowings	203 764	-	21 850	(42 549)	183 065
Dividend payable	-	6 130	-	-	6 130
	203 764	**6 130**	**21 850**	**(42 549)**	**-**

37. Commitments

Authorised capital expenditure

Property, plant and equipment	34 609	-	34 609	-
Intangible assets - computer software	-	34 628	-	34 628

The committed expenditure has been authorised by the directors but is not yet contracted for. The expenditure will be financed by available bank facilities and existing cash resources.

Operating lease expenses

Minimum lease payments due				
Within one year	5 367	4 747	5 367	4 747
In second to fifth year inclusive	6 938	10 557	6 938	10 557
Later than five years	4 587	6 078	4 587	6 078
	16 892	**21 382**	**16 892**	**21 382**

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for a term of between 3 to 5 years and rentals are fixed for an average of three years. No contingent rent is payable.

38. Contingencies

The group and company have a contingent liability in favour of Standard Bank Namibia Limited in respect of guarantees supplied by the bank on behalf of the group. The guarantees are for the benefit of the Ministry of Finance fo N$ 200 000 (2017: N$ 200 000), Meat Board of Namibia for N$ 25 000 (2017: N$ 25 000) and the Department of Water Affairs for N$ 68 287 (2017: N$ 68 287).

Notes to the Annual Financial Statements

39. Related parties

Relationships

Subsidiaries	Refer to note 9
Members of key management	Executive management and directors

Related party balances				
Loans to subsidiaries	-	-	20 445	22 890
Loan from subsidiaries	-	-	(835)	(299)
Amounts included in trade and other receivables owed by subsidiaries	-	-	2 616	1 634
Transactions with related parties				
Revenue from subsidiaries	-	-	1 768	3 282
Management fee earned from subsidiaries	-	-	1 719	651
Purchase of goods from subsidiaries	-	-	982	1 392
Interest income earned from subsidiaries	-	-	2 254	2 973
Compensation to directors and other key management				
Salary and other short-term employee benefits	18 974	15 963	18 974	15 963

40. Directors' emoluments

Directors's fees paid to non-executive directors for the year amounted to N$ 772 679 (2017: N$ 824 061). Reimbursive costs of N$ 389 730 were paid to non-executive directors (2017: N$ 320 612). No other amounts were paid in respect of directors of the company.

41. Pension scheme

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 31 March 2016 with the next valuation due in 2019. The actuary opinion stated that the fund was in a sound financial position. The group is currently contributing 9% or 15% of total salaries to the fund, dependant on the option selected by the member.

42. Earnings per share

Basic and diluted earnings (cents per share)		
From continuing operations	34.90	47.03
From discontinued operations	(3.75)	1.00
	31.15	**48.03**

Basic earnings per share is based on net profit attributable to equity shareholders of the company as per the Statement of Profit of Loss and Other Comprehensive Income of N$ 31 905 000 (2017: N$ 49 067 000) and a weighted average number of ordinary shares outstanding during the year of 102 162 971 (2017: 102 162 971). It is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

42. Earnings per share (continued)

Consolidated basic and diluted headline earnings (cents per share)		
Continuing operations	37.77	33.85
Discontinued operations	(3.75)	1.00
	34.02	**34.85**

Reconciliation between basic earnings and headline earnings		
Earnings from continuing operations	35 735	48 056
Earnings from discontinued operations	(3 830)	1 011
Total earnings attributable to ordinary shareholders	31 905	49 067
Adjusted for:		
Impairment of goodwill	1 306	-
Bargain purchase gain in business combination	(954)	-
Loss (profit) on disposal of property, plant and equipment	25	(220)
Investment property valuation adjustments	76	(16 263)
Adjustment on investment measured at fair value through profit or loss	2 485	3 027
Tax effects of headline adjustments	(8)	(10)
Non-controlling interests' share of adjustments	-	-
	34 835	**35 601**

Headline earnings per share is based on basic earnings attributable to equity shareholders of the company, after adjusting for certain defined remeasurements net of related tax and non-controlling interests. It is calculated by dividing the headline earnings of the company by the weighted average number of ordinary shares outstanding during the year.

The discontinue operations results are fully attributable to the equity shareholders of the company.

There are no dilutive shares in issue and accordingly there is no dilutive impact on basic or headline earnings per share for all years presented.

Detailed Statement of Comprehensive Income

	Notes	Group 2018 N$ '000	Group 2017 N$ '000	Company 2018 N$ '000	Company 2017 N$ '000
Continuing operations					
Revenue					
Sale of goods		1 434 491	1 462 385	1 372 510	1 400 210
Rendering of services		79 805	59 209	79 560	58 856
Rental income		19 298	18 470	18 938	18 470
Miscellaneous other revenue		12 878	2 705	14 596	3 356
Consulting fees		4 801	3 980	4 801	4 005
	25	**1 551 273**	**1 546 749**	**1 490 405**	**1 484 897**
Cost of sales					
Opening stock before loss provisions		(282 912)	(17 588)	(231 807)	-
Purchases		(1 195 717)	(1 473 150)	(1 164 299)	(1 392 277)
Closing stock before loss provisions		283 427	282 912	249 825	231 807
		(1 195 202)	**(1 207 826)**	**(1 146 281)**	**(1 160 470)**
Gross profit		**356 071**	**338 923**	**344 124**	**324 427**
Other operating income					
Bad debts recovered		8 920	7 082	8 918	7 074
Other income		261	324	-	75
	26	**9 181**	**7 406**	**8 918**	**7 149**
Operating gains (losses)					
Net gains on disposal of property, plant and equipment and investment property		929	220	(25)	220
Foreign exchange losses		(198)	(133)	(198)	(124)
Net fair value gains		(2 409)	13 236	(2 409)	13 236
	27	**(1 678)**	**13 323**	**(2 632)**	**13 332**
Operating expenses (Refer to page 63)		**(288 936)**	**(273 414)**	**(283 840)**	**(262 490)**
Operating profit	28	**74 638**	**86 238**	**66 570**	**82 418**
Investment income	29	7 483	6 535	9 388	9 126
Finance costs	30	(30 496)	(29 004)	(29 887)	(29 410)
Profit before taxation		**51 625**	**63 769**	**46 071**	**62 134**
Taxation	31	(16 105)	(15 619)	(15 572)	(14 886)
Profit for the year from continuing operations		**35 520**	**48 150**	**30 499**	**47 248**
Discontinued operations		(3 830)	1 011	-	-
Profit for the year		**31 690**	**49 161**	**30 499**	**47 248**

The supplementary information presented does not form part of the annual financial statements and is unaudited