



# LA CONCORDE

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Registration number: 2009/012871/06

LA CONCORDE HOLDINGS LIMITED  
REVIEWED GROUP CONDENSED REPORT

for the year ended 31 March 2017

## INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### *To the Shareholders of La Concorde Holdings Limited*

We have reviewed the condensed consolidated financial statements of La Concorde Holdings Limited, set out on pages 3 to 6, which comprise the condensed consolidated statement of financial position as at 31 March 2017 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

### *Directors' Responsibility for the Condensed Consolidated Financial Statements*

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the basis of accounting described in the basis of preparation and accounting policies note to the consolidated financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of La Concorde Holdings Limited for the year ended 31 March 2017 are not prepared, in all material respects, in accordance with the basis of accounting described in the basis of preparation and accounting policies note to the consolidated financial statements, and the requirements of the Companies Act of South Africa.



PricewaterhouseCoopers Inc.  
Director: DG Malan  
Registered Auditor  
Paarl  
30 May 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed Year ended 31 March 2017 R'000	Audited Year ended 31 March 2016 R'000
<b>ASSETS</b>		
<b><i>Non-current assets</i></b>	<b>457 285</b>	<b>274 916</b>
Property, plant and equipment	21 868	241 577
Investment property	952	-
Intangible assets	176	15 162
Interest in associates and joint ventures	13 470	18 177
Loans receivable	420 819	-
<b><i>Current assets</i></b>	<b>803 514</b>	<b>1 314 254</b>
Inventory	-	1 029 116
Trade and other receivables	1 458	222 449
Loans receivable	210 148	-
Taxation	-	43
Derivative financial instruments	-	18 319
Cash and cash equivalents	591 908	44 327
<b>Total assets</b>	<b>1 260 799</b>	<b>1 589 170</b>
<b>EQUITY AND LIABILITIES</b>		
<b><i>Equity</i></b>	<b>1 241 176</b>	<b>1 294 812</b>
Share capital	1	1
Share premium	425 722	425 722
Retained earnings	815 453	869 089
<b><i>Non-current liabilities</i></b>	<b>893</b>	<b>63 942</b>
Deferred taxation	893	53 042
Deferred revenue: government grant	-	10 900
<b><i>Current liabilities</i></b>	<b>18 732</b>	<b>230 416</b>
Trade and other payables	4 303	181 117
Deferred revenue: government grant	-	1 875
Derivative financial instruments	-	47 424
Taxation	14 429	-
<b>Total equity and liabilities</b>	<b>1 260 799</b>	<b>1 589 170</b>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR  
LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed Year ended 31 March 2017 R'000	Restated Audited Year ended 31 March 2016 R'000
Revenue	5 345	3 397
Other Income	2 810	-
Operating expenses	(15 305)	(11 958)
Depreciation and amortisation	(2 157)	(2 398)
Share of profit of associates	736	892
Investment income	46 817	-
Impairment of assets	(1 775)	-
Finance costs	(4)	-
<b>Profit/(loss) before taxation</b>	<b>36 467</b>	<b>(10 067)</b>
Taxation	(10 928)	3 069
<b>Profit/(loss) for the year from continuing operations</b>	<b>25 539</b>	<b>(6 998)</b>
Net result from discontinued operations	(79 175)	34 698
<b>Total comprehensive (loss)/income for the year</b>	<b>(53 636)</b>	<b>27 700</b>
<b>Earnings per share (cents)</b>	<b>(78.9)</b>	<b>40.9</b>
- Continuing operations	37.5	(10.3)
- Discontinued operations	(116.4)	51.2
<b>Headline earnings per share (cents)</b>	<b>107.2</b>	<b>44.6</b>
- Continuing operations	39.4	(10.3)
- Discontinued operations	67.8	54.9
Number of shares issued ('000)	68 980	68 980
Treasury shares ('000)	(979)	(979)
<b>Used in the calculation of earnings per share ('000)</b>	<b>68 001</b>	<b>68 001</b>
<b>Reconciliation of headline earnings</b>	<b>R'000</b>	<b>R'000</b>
Total comprehensive (loss)/income for the year	(53 636)	27 700
Foreign currency translation differences	1	86
<b>Attributable (loss)/profit for the year</b>	<b>(53 635)</b>	<b>27 786</b>
Adjusted for:		
Loss on disposal	125 347	-
Impairment of investment in joint venture	85	310
Impairment of assets	1 278	-
(Profit)/loss on sale of property plant and equipment	(142)	2 262
<b>Headline earnings</b>	<b>72 933</b>	<b>30 358</b>
Continued operations	26 817	(6 998)
Discontinued operations	46 116	37 356

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reviewed Year ended 31 March 2017 R'000	Audited Year ended 31 March 2016 R'000
Balance at beginning of the year	1 294 812	1 267 112
Total comprehensive (loss)/income for the year	(53 636)	27 700
	<b>1 241 176</b>	<b>1 294 812</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed Year ended 31 March 2017 R'000	Audited Year ended 31 March 2016 R'000
<b>Cash flows from operating activities</b>	<b>46 588</b>	<b>3 353</b>
Cash generated by operations	12 897	116 278
Changes in working capital	13 692	(111 975)
Cash generated by operating activities	26 589	4 303
Investment income	21 397	1 863
Finance Costs	(693)	(1 620)
Taxation paid	(705)	(1 193)
<b>Cash flows from investing activities</b>	<b>500 993</b>	<b>(46 128)</b>
Investment in associates and joint ventures	26	(1 852)
Dividends received	-	255
Replacement of property, plant and equipment	-	(43 706)
Additions to property, plant and equipment	(19 567)	(922)
Proceeds on disposal of property, plant and equipment	115	444
Intangible assets acquired	(64)	(347)
Disposal of business assets	520 483	-
<b>Cash flows from financing activities</b>	<b>-</b>	<b>16 395</b>
Government grant received	-	16 395
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>547 581</b>	<b>(26 380)</b>
At beginning of year	44 327	70 707
<b>At end of year</b>	<b>591 908</b>	<b>44 327</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation and accounting policies

The results for the year ended 31 March 2017 have been prepared in accordance with International Financial Reporting Standards (“IFRS”), IAS 34 – Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the South African Companies Act, No. 71 of 2008 (as amended). The accounting policies of the group are consistent with those applied for the year ended 31 March 2016. The adoption of new standards that are applicable for this financial year had no impact on the figures presented. Details of the standards adopted will be provided in the annual financial statements. These financial statements were prepared under the supervision of the financial director, Ms Muriel Loftie-Eaton CA(SA).

### 2. Segments

No additional segments to report on other than the income received from property rental.

### 3. Discontinued operations

During May 2016, it was decided to dispose of the operating assets of KWV to the Vasari group. Revenue and expenses, and gains and losses relating to these assets have been removed from the results of continuing operations and are shown as a single line item on the face of the consolidated statement of profit or loss and other comprehensive income (“Net result from discontinued operations”). The operating results of the discontinued operations and the loss on sale of assets were as follows:

	<b>Reviewed Year ended 31 March 2017 R'000</b>	<b>Restated Audited Year ended 31 March 2016 R'000</b>
Revenue	566 898	1 224 214
Other income and operating costs	(485 173)	(1 149 103)
Share of losses of associates and joint ventures	-	(653)
Investment income	411	1 886
Depreciation and amortisation	(16 045)	(27 172)
Impairment of investment in joint venture	(85)	(400)
Loss on disposal of business	(191 222)	-
Finance costs	(688)	(1 620)
<b>(Loss)/profit before taxation</b>	<b>(125 904)</b>	<b>47 152</b>
Taxation	46 730	(12 368)
<b>(Loss)/profit) from discontinued operations</b>	<b>(79 174)</b>	<b>34 784</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation differences	(1)	(86)
<b>Net result from discontinued operations</b>	<b>(79 175)</b>	<b>34 698</b>
<b>Cash flows from discontinued operations</b>		
Cash flows from operating activities	34 407	11 914
Cash flows from investing activities	503 717	(41 880)
Cash flows from financing activities	-	16 395
	<b>538 124</b>	<b>(13 571)</b>

## COMMENTARY

During the year the company was renamed as La Concorde Holdings Limited following the sale of the KWV Holdings Limited (“KWV”) operational assets. KWV was established to coordinate and stabilize the South African wine industry. Starting under the leadership of the first CEO, Dr Charles Kohler, the company transformed the South African wine industry and built KWV into an internationally recognized company and brand. The sale of the KWV assets and associated brand brings an end to this era and the company is now required to reassess its future plans.

The company’s assets now comprise cash and near cash resources of approximately R1,2 billion, property assets valued at R207 million and an art collection valued at R42 million. These valuations were independently obtained at the time the operational assets were sold. If the directors believe that the valuation of these assets have changed substantially, they will obtain updated independent valuations and disclose these valuations as part of the financial results in future.

The board and management are assessing the future options of the company and continue to engage with the various stakeholders to formalise a future strategy. The controlling shareholder has indicated that its preference is that the resources of the company be retained and utilised to make other investments rather than to return the capital to shareholders.

The operating cost to manage the company is low and cost of the contract with Niveus Investments Limited (“Niveus”) for the executive management of the company, is less than 0,5% of the assets of company per annum. This enables the company to take the required time to evaluate its future, without the burden of an expensive head office and management cost. The future management cost of the company will be assessed as part of the overall business strategy.

In the interim, the company is focused on its property assets to ensure that each property asset has a development or optimization plan.

The company will continue to invest its cash resources in low risk investment instruments while retaining the flexibility to access the cash in order to invest in opportunities should it present itself. The company has no sectoral or risk preferences but at this time it is expected that the majority of the company’s assets will be invested in assets that have a moderate to low investment risk.

### **Overview of the results of the company**

As disclosed in our interim results, KWV concluded agreements in terms of which the company disposed of its operational assets for an aggregate consideration of R1,18 billion.

The consolidated book value of the operational assets and liabilities is R1,37 billion as at 30 September 2016, which is reduced to the sale price of R1,18 billion, resulting in a loss of R191 million before tax.

On 14 October 2016, R575 million, approximately 50% of the purchase consideration, was paid by the buyer. The remainder of the purchase consideration is deferred and will be settled in three instalments on 1 October 2017, 1 October 2018 and 1 October 2019. The instalments are secured by way of Investec Bank payment obligations that carry interest at 8,5%, compounded annually. The balance of the purchase consideration is disclosed as loans receivable.

The net cash flow shown in the condensed consolidated statement of cash flows of R520 million includes cash of R55 million disposed of.

The company earned interest income of R46,8 million on its cash balances and loans receivable for the period under review.

## Discontinued operations

Discontinued operations comprise the sale of branded spirits, wines, RTDs and contract bottling. Revenue increased by 3,3% compared to the prior period and gross profit increased by 15%, due to better management of production costs and increased profitability in the South African market.

## Future announcements

Announcements about the future of the company will be published on the company's website at [www.laconcordeholdings.co.za](http://www.laconcordeholdings.co.za) and shareholders whose email details are on record will also be notified by electronic mail. Shareholders are urged to update their contact information by notifying the transfer secretary, Link Market Services, on [InvestorServices@linkmarketservices.co.za](mailto:InvestorServices@linkmarketservices.co.za) to ensure the timeous receipt of company information.

## Subsequent events

There were no material events between 31 March 2017 and the date of this report.

## Dividends

The directors have resolved to declare an ordinary dividend of 50 cents per share and a special dividend of 50 cents per share resulting in a total dividend of R1 per share.

The applicable dates are as follows:

Distribution declared	Monday, 30 May 2017
Last day to trade cum distribution	Monday, 12 June 2017
Shares trade ex distribution	Tuesday, 13 June 2017
Record date	Thursday, 15 June 2017
Payment date	Monday, 19 June 2017

The dividend meets the definition of a dividend in terms of the Income Tax Act (No. 58 of 1962). The dividend amount net of South African dividends tax of 20% is 80 cents per share to those shareholders that are not exempt from dividends tax.

The company's tax reference number is 9591/295/168. There are 68 980 374 ordinary shares in issue, as at 30 May 2017.

Signed on behalf of the board of directors



André van der Veen  
30 May 2017  
Paarl



**DIRECTORS**

A van der Veen (CEO), JA Copelyn, F-A du Plessis,  
NL Ellis, MM Loftie-Eaton, Y Shaik

**COMPANY SECRETARY**

HCI Managerial Services Proprietary Limited

**REGISTERED OFFICE**

La Concorde, 57 Main Street, Paarl 7646

**WEBSITE**

[www.laconcordeholdings.co.za](http://www.laconcordeholdings.co.za)

**TRANSFER SECRETARIES**

Link Market Services Proprietary Limited