



LA CONCORDE

Registration number: 2009/012871/06

LA CONCORDE HOLDINGS LIMITED
UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
for year ended 31 March 2019

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited Year ended 31 March 2019 R'000	Audited Year ended 31 March 2018 R'000
	Notes		
ASSETS			
Non-current assets			
		206 146	283 682
Property, plant and equipment		2 443	3 598
Investment properties	3	153 900	262 758
Intangible assets		185	195
Investments in associate	4	19 082	17 131
Other financial assets	5	24 014	-
Deferred tax	6	6 522	-
		64 326	105 795
Current assets			
Trade and other receivables		11 174	6 033
Inventory		119	117
Loan receivable		782	792
Taxation		687	-
Cash and cash equivalents	7	51 564	98 853
		-	855 273
Non-current assets held for sale			
	8	-	855 273
Total assets		270 472	1 244 750
EQUITY AND LIABILITIES			
Equity			
		227 542	1 161 396
Ordinary share capital		1	1
Share premium		420 711	425 722
Other reserves		109 539	896 769
Retained losses		(302 709)	(161 096)
Non-current liabilities			
		28 770	53 451
Deferred taxation	6	28 770	53 451
Current liabilities			
		14 160	29 903
Trade and other payables		14 160	16 686
Taxation		-	13 217
Total equity and liabilities		270 472	1 244 750

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited Year ended 31 March 2019 R'000	Audited Year ended 31 March 2018 R'000
Revenue	18 725	16 384
Fair value adjustments of financial instruments	(24 893)	-
Fair value adjustments of investment properties	(111 640)	23 500
Investment income	15 123	79 907
Operating expenses	(20 562)	(22 211)
Depreciation and amortisation	(746)	(1 290)
Share of equity-accounted earnings	2 377	3 925
Finance costs	(1)	(7)
(Loss)/profit before taxation	(121 617)	100 208
Taxation	31 496	(26 688)
(Loss)/profit for the year	(90 121)	73 520
Other comprehensive income		
Gain on revaluation of land and buildings	-	141 159
Tax on gain on revaluation of land and buildings	-	(31 620)
Total comprehensive (loss)/income for the year	(90 121)	183 059
Earnings per share (cents)		
Basic earnings	(132.9)	108.1
Headline earnings	(5.1)	81.3
Shares in issue		
Number of shares issued ('000)	68 980	68 980
Treasury shares ('000)	(979)	(979)
Shares repurchased ('000)	(198)	-
Net number of shares in issue at end of year	67 803	68 001

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Year ended 31 March 2019 R'000	Audited Year ended 31 March 2018 R'000
Balance at the beginning of the year	1 161 396	1 293 481
Total comprehensive (loss)/income for the year	(90 121)	183 059
Repurchase of shares	(5 011)	-
Dividends	(838 722)	(315 144)
Balance at the end of the year	227 542	1 161 396

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Year ended 31 March 2019 R'000	Audited Year ended 31 March 2018 R'000
Cash flows from operating activities		
Net cash from operating activities	(4 875)	(45 306)
Cash utilised in operations	(1 841)	(3 503)
Changes in working capital	(7 140)	204 957
Cash (utilised in)/generated by operating activities	(8 981)	201 454
Investment income	15 123	79 907
Finance costs	(1)	(7)
Taxation paid	(11 016)	(24 399)
Dividends paid	-	(302 261)
Cash flows from investing activities	(37 403)	(447 749)
Investment in associate	426	264
Additions to investment property	(2 296)	(11 274)
Additions of property, plant and equipment	(233)	(1 395)
Proceeds on disposal of property, plant and equipment	239	7
Intangible assets acquired	(69)	(105)
Investment in financial assets	(35 470)	(855 273)
Loans receivable disposal	-	420 819
Loan receivable advance	-	(792)
Cash flows from financing activities	(5 011)	-
Ordinary shares repurchased	(5 011)	-
Cash and cash equivalents		
Movements	(47 289)	(493 055)
At the beginning of the year	98 853	591 908
At the end of the year	51 564	98 853

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the year ended 31 March 2019 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 2018. 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, Mr AF Pereira CA(SA).

2. SEGMENTS

The group is an investment company. No separately identifiable operating segments exist, other than the income received from the property rentals of which the financial effects are disclosed in the financial statements.

3. INVESTMENT PROPERTY

	2019	2018
	R'000	R'000
Investment properties at fair value	153 900	262 758
	153 900	262 758
Reconciliation of carrying value		
At the beginning of the year	262 758	68 358
Fair value adjustments	(111 640)	23 500
Transfer from property, plant and equipment	486	159 626
Additions	2 296	11 274
At the end of the year	153 900	262 758

Investment properties are stated at fair value.

The group engages external, independent and qualified valuers to determine the fair value of the group's investment property as required by the Board. The directors perform valuations annually.

Investment property is in level 3 of the fair value hierarchy.

The investment properties were fairly valued by suitably qualified independent valuers with recent experience in similar properties in similar areas.

The valuers analysed the values of the properties by considering all incomparable characteristics and their potential influence on the sales prices.

The fair value of the investment properties owned by the group, totalling R153.9 million at 31 March 2019, was arrived at on the basis of external valuations performed by Quadrant Properties Proprietary Limited and The Valuator Group Proprietary Limited, independent firms of valuers not related to the group.

The fair value of the vacant land and Picardi farm totalling R35 million was determined by applying the direct comparable sales method. The fair value of the Laborie estate totalling (which includes buildings and an adjacent house) R66,5 million was determined by applying the direct comparable sales, income based, profits based and depreciated cost valuation techniques and buildings with a fair value of R52.4m were valued using the free cash flow method.

Significant unobservable inputs were as follows:

- Rental growth rate:	7%
- Cost growth rate:	7.5%
- Capitalisation rate:	10%-10.75%
- Occupancy rate:	98%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

3 INVESTMENT PROPERTY *(continued)*

Amounts recognised in profit and loss for the year:

	2019 R'000	2018 R'000
Rental income from investment property	18 725	16 384
Direct operating expenses from rental-generating property	(20 562)	(22 211)
	(1 837)	(5 827)
Contractual rent receivable:		
- within one year	5 995	6 856
- within two to five years	6 207	11 462
- after five years	195	181
	12 397	18 499
Investment properties consist of:		
Erf 31403, Main Street House, Paarl, Western Cape, 549 m ²	4 000	5 000
Erf 11919, De Hoop Farm, Paarl, Western Cape, in extent of 3.3 ha	13 200	25 000
Erf 23407, Worcester, Western Cape, in extent of 6 602 m ²	1 100	1 650
Erf 31366, Picardi Farm, Paarl, Western Cape, in extent of 16.4 ha	9 000	35 000
Erf 212, 213, 214, 223 and 224, Klapmuts erven, in extent of 5 502 m ²	1 100	1 208
Erf 8677, Paarl, Western Cape, in extent of 2.4702 ha	13 000	24 000
Erf 8676, Paarl, Western Cape, in extent of 2.5849 ha	50 000	73 400
Erf 13004, Paarl, Western Cape, in extent of 44.3918 ha	62 500	97 500
	153 900	262 758

4 INVESTMENT IN ASSOCIATE

Name of associates	Place of business	Principal activity	Group interest		2019 R'000	2018 R'000
			2019 %	2018 %		
Paarlvallei Bottling Proprietary Limited	South Africa	Bottling	30.9%	30.9%	19 082	17 131
					19 082	17 131
Reconciliation of investment in associate						
					2019 R'000	2018 R'000
At the beginning of the year					17 131	13 470
Share of the profits					2 377	3 925
Dividend received					(426)	(264)
					19 082	17 131

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

5. OTHER FINANCIAL ASSETS

	2019	2018
	R'000	R'000
Financial assets carried at fair value through profit or loss		
Equity securities	24 014	-
Current portion	-	-
Non-current portion	24 014	-

Fair value of equity securities carried at fair value through profit or loss

The fair value of the listed equity instruments was determined using the quoted price available for the instruments.

6. DEFERRED TAXATION

	2019	2018
	R'000	R'000
Movements in deferred taxation		
At the beginning of the year	(53 451)	(15 992)
Asset revaluations	26 154	(31 709)
Accelerated tax allowances	(209)	(5 400)
Provisions and accruals	114	(350)
Financial asset revaluations	5 144	
At the end of the year	(22 248)	(53 451)
Analysis of deferred taxation		
Accelerated tax allowances	(6 517)	(6 308)
Fair value remeasurements	(20 654)	(46 808)
Provisions and accruals	(164)	(278)
Assessed losses	(57)	(57)
Financial asset revaluations	5 144	
	(22 248)	(53 451)
Composition of deferred taxation		
Deferred taxation assets	6 522	-
Deferred taxation liabilities	(28 770)	(53 451)
	(22 248)	(53 451)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

7. NOTES TO THE STATEMENT OF CASH FLOWS

	2019 R'000	2018 R'000
Cash generated by operations		
(Loss)/profit for the year	(90 121)	73 520
Taxation	(31 496)	26 688
Depreciation and amortisation	746	1 290
Profit on disposal of plant and equipment	(4)	-
Share of equity-accounted earnings	(2 377)	(3 925)
Fair value adjustments of investment properties	111 640	(23 500)
Fair value adjustments of financial instruments	24 893	-
Investment income	(15 123)	(79 907)
Finance cost	1	7
Other non-cash items	-	2 324
	(1 841)	(3 503)
Changes in working capital		
Inventory	(2)	(117)
Trade and other receivables	(5 141)	205 558
Trade and other payables	(1 997)	(484)
	(7 140)	204 957
Taxation paid		
Unpaid at the beginning of the year	(13 217)	(14 428)
Charged to the statement of profit and loss	291	(20 848)
Penalties and interest	2 499	(2 340)
Other (list)	98	-
Unpaid at the end of the year	(687)	13 217
	(11 016)	(24 399)
Cash and cash equivalents		
Bank balances and deposits	51 564	98 853

Fair value of cash and cash equivalents

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments.

8. NON-CURRENT ASSETS HELD FOR SALE

	2019 R'000	2018 R'000
Disposal of group assets classified as held for sale	-	855 273
The investment in HPL&R was disposed of through dividend in specie during April 2018.		

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

9. EVENTS AFTER REPORTING DATE

No material events which may have a significant influence on the financial position of the group occurred between the reporting date and the date of approval of these financial statements.

10. DIVIDENDS

The group's dividend policy is to consider an interim and a final dividend in respect of each financial year.

At its discretion, the board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass on the payment of dividends.

On 13 April 2018 the group declared a dividend in specie of 1,59466 Hosken Passenger Logistics and Rail Limited shares per 1 La Concorde Holdings Limited share.

Due to reduced liquidity in the group and potential future property developments, the board has resolved not to declare a final dividend.

COMMENTARY FROM THE CHIEF EXECUTIVE OFFICER

The assets of La Concorde mainly comprise property, art and cash and cash equivalents.

The group concluded the Hosken Passenger Logistics and Rail Limited (HPL&R) unbundling through a distribution of its shares in HPL&R to shareholders. On 13 April 2018 the group declared a dividend in specie of 1,59466 HPL&R shares per 1 La Concorde Holdings Limited share.

During the year the income generated mainly consisted of dividends and interest income from cash and cash equivalents, rental income and recoveries of utilities and operating expenses. Operating expenses mainly consisted of utility expenses, management fees, salaries, and repairs and maintenance required for the management of the properties. The fair value adjustment on HPL&R shares retained was mainly attributable to adverse market conditions. The fair value adjustment on properties followed a complete review of carrying values. Independent valuers were contracted to perform the valuations which reflect current zoning of each property and current market conditions.

The group is continuing its efforts to extract value from its properties, either through sale or development.

Signed on behalf of the board of directors.

Lael Bethlehem
Chief executive officer

Paarl
24 May 2019

ADMINISTRATIVE INFORMATION

REG NO:

2009/012871/06

DIRECTORS

JA Copelyn, LI Bethlehem, AF Pereira and Y Shaik

COMPANY SECRETARY

HCI Managerial Services Proprietary Limited

REGISTERED OFFICE

La Concorde Building, 57 Main Street, Paarl 7646

WEBSITE

www.laconcordeholdings.co.za

AUDITORS

PricewaterhouseCoopers Inc.

Capital Place, 15-21 Neutron Avenue, Techno Park, Stellenbosch 7600

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited



LA CONCORDE
