



# LA CONCORDE

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Registration number: 2009/012871/06

**LA CONCORDE HOLDINGS LIMITED**

**UNAUDITED GROUP INTERIM RESULTS**

for six months ended 30 September 2020

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2020

	Notes	Unaudited 30 September 2020 R'000	Unaudited 30 September 2019 R'000	Audited 31 March 2020 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>159 784</b>	226 509	231 633
Property, plant and equipment		1 981	2 137	2 289
Investment properties	3	117 513	181 246	189 439
Intangible assets		86	150	115
Investment in associate	4	11 251	10 000	10 103
Other financial assets	5	18 859	24 750	20 222
Deferred tax	6	8 304	6 471	7 760
Finance lease receivable		1 790	1 755	1 705
<b>Current assets</b>		<b>49 649</b>	40 390	50 274
Inventory		290	121	283
Trade and other receivables		2 927	11 750	1 503
Loan receivable		-	943	782
Taxation		709	-	697
Cash and cash equivalents	7	45 723	27 576	47 009
Non-current asset held for sale		73 000	-	-
<b>Total assets</b>		<b>282 433</b>	266 899	281 907
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>207 685</b>	224 287	206 102
Ordinary share capital		1	1	1
Share premium		409 804	420 711	409 804
Other reserves		109 539	109 539	109 539
Accumulated losses		(316 068)	(310 214)	(317 598)
Non-controlling interest		4 409	4 250	4 356
<b>Non-current liabilities</b>		<b>60 979</b>	26 788	59 182
Borrowings	8	34 621	-	33 046
Lease liability		1 790	1 613	1 705
Deferred taxation	6	24 568	25 175	24 431
<b>Current liabilities</b>		<b>13 769</b>	15 824	16 623
Trade and other payables		12 036	13 456	13 327
Current portion of borrowings	8	1 733	1 159	3 296
Taxation		-	1 209	-
<b>Total equity and liabilities</b>		<b>282 433</b>	266 899	281 907

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 September 2020

	<b>Unaudited 30 September 2020 R'000</b>	Unaudited 30 September 2019 R'000
Revenue	<b>3 712</b>	3 478
Property rental income	<b>5 720</b>	5 459
Investment income	<b>3 052</b>	3 725
Other operating expenses and income	<b>(10 580)</b>	(10 293)
Impairment of investment in associate	<b>-</b>	(10 986)
Fair value adjustments of financial instruments	<b>(1 363)</b>	654
Fair value adjustments of investment properties	<b>(87)</b>	-
Depreciation and amortisation	<b>(362)</b>	(361)
Share of equity-accounted earnings	<b>1 148</b>	2 223
Finance costs	<b>(1 431)</b>	(83)
<b>Loss before taxation</b>	<b>(191)</b>	(6 184)
Taxation	<b>406</b>	(1 321)
<b>Profit/(loss) for the period</b>	<b>215</b>	(7 505)
Attributable to:		
Equity holders of the parent	<b>162</b>	(7 505)
Non-controlling interest	<b>53</b>	-
	<b>215</b>	(7 505)
<b>Earnings/(loss) per share (cents)</b>		
Basic earnings/(losses)	<b>0.3</b>	(11.1)
Headline earnings	<b>0.4</b>	5.1
<b>Shares in issue</b>		
Number of shares in issue ('000)	<b>65 633</b>	68 980
Treasury shares ('000)	<b>(1 267)</b>	(1 267)
Net weighted average number of shares in issue ('000)	<b>64 366</b>	67 713

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2020

	<b>Unaudited 30 September 2020 R'000</b>	Unaudited 30 September 2019 R'000
Balance at the beginning of the period	206 102	227 542
Profit/(loss) for the period attributable to equity holders of the parent	162	(7 505)
Profit for the period attributable to non-controlling interest	53	-
Transactions with non-controlling shareholders	-	4 250
Dividends prescribed	1 368	-
Balance at the end of the period	<b>207 685</b>	224 287

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2020

	Notes	<b>Unaudited 30 September 2020 R'000</b>	Unaudited 30 September 2019 R'000
<b>Cash flows from operating activities</b>			
<b>Net cash from operating activities</b>		<b>(113)</b>	(1 935)
Cash utilised by operations	7	(1 149)	(1 326)
Changes in working capital	7	(573)	(1 282)
<b>Cash utilised by operating activities</b>		<b>(1 722)</b>	(2 608)
Investment income		3 052	3 725
Finance costs		(1 431)	(83)
Taxation paid	7	(12)	(2 969)
<b>Cash flows from investing activities</b>		<b>(1 185)</b>	(26 303)
Dividend from associate		-	319
Additions to investment property		(1 161)	(27 600)
Additions to property, plant and equipment		(24)	(20)
Proceeds from financial liabilities		-	1 159
Loan receivable advances		-	(161)
<b>Cash flows from financing activities</b>		<b>12</b>	4 250
Transactions with non-controlling shareholders		-	4 250
Borrowings raised		12	-
<b>Cash and cash equivalents</b>			
Movements		<b>(1 286)</b>	(23 988)
At the beginning of the period		<b>47 009</b>	51 564
At the end of the period		<b>45 723</b>	27 576

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

## 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the period ended 30 September 2020 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 2020. These financial statements were prepared under the supervision of the director, Mr AF Pereira CA(SA).

## 2 SEGMENTS

The Group is an investment company. No separately identifiable operating segments exist.

## 3 INVESTMENT PROPERTIES

	<b>Unaudited 30 September 2020 R'000</b>	Unaudited 30 September 2019 R'000
Investment properties at fair value	<b>117 513</b>	181 246
	<b>117 513</b>	181 246
<b>Reconciliation of carrying value</b>		
At the beginning of the period	<b>189 439</b>	153 900
Fair value adjustments	<b>(87)</b>	-
Transfer from property, plant and equipment	<b>-</b>	(254)
Additions	<b>1 161</b>	27 600
Transfer to non-current assets held for sale	<b>(73 000)</b>	-
At the end of the period	<b>117 513</b>	181 246
Investment properties are stated at fair value.		
Investment property is in level 3 of the fair value hierarchy.		
<b>Investment properties consist of:</b>		
Erf 31403, Main Street House, Paarl, Western Cape, in extent of 549m <sup>2</sup>	<b>4 000</b>	4 000
Erf 11919, De Hoop Farm, Paarl, Western Cape, in extent of 3.3 ha	<b>56 584</b>	40 228
Erf 23407, Worcester, Western Cape, in extent of 6 602 m <sup>2</sup>	<b>-</b>	1 100
Erf 31366, Picardi Farm, Paarl, Western Cape, in extent of 16.4 ha	<b>-</b>	9 000
Erf 212, 213, 214, 223 and 224, Klapmuts erven, in extent of 5 502 m <sup>2</sup>	<b>1 100</b>	1 100
Erf 8677, Paarl, Western Cape, in extent of 2.5 ha	<b>-</b>	13 000
Erf 8676, Paarl, Western Cape, in extent of 2.6 ha	<b>-</b>	50 318
Erf 13004, Paarl, Western Cape, in extent of 44.4 ha	<b>55 829</b>	62 500
	<b>117 513</b>	181 246

Erf 31366, 8677 and 8676 are included in non-current assets held for sale.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020 (continued)

## 4 INVESTMENT IN ASSOCIATE

Name of associate	Place of business	Principal activity	2020 %	2019 %	Unaudited	Unaudited
					30 September 2020 R'000	30 September 2019 R'000
Paarl Vallei Bottling Company Proprietary Limited	South Africa	Bottling	<b>30.9%</b>	30.9%	<b>11 251</b>	10 000
					<b>11 251</b>	10 000
<b>Reconciliation of investment in associate</b>						
At the beginning of the period					<b>10 103</b>	19 082
Share of profits					<b>1 148</b>	2 223
Dividend received					-	(319)
Impairment of investment in associate					-	(10 986)
					<b>11 251</b>	10 000

In the prior period the value of the Company's investment in Paarl Vallei Bottling Company Proprietary Limited was reviewed based on forecast volumes and profitability and impaired to a value more reflective of its realisable value. The realisable value of the investment was determined using inter alia the price-earnings multiple in relation to the maintainable earnings of Paarl Vallei Bottling Company Proprietary Limited.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020 (continued)

## 5 OTHER FINANCIAL ASSETS

	<b>Unaudited 30 September 2020 R'000</b>	Unaudited 30 September 2019 R'000
<b>Financial assets carried at fair value through profit or loss</b>		
Equity securities	<b>18 859</b>	24 750
Non-current portion	<b>18 859</b>	24 750

### 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

	<b>Unaudited 30 September 2020 R'000</b>	Unaudited 30 September 2019 R'000
<b>Movements in deferred taxation</b>		
At the beginning of the period	<b>(16 671)</b>	(22 248)
Asset revaluations	<b>2 947</b>	3 808
Accelerated tax allowances	<b>(3 632)</b>	(215)
Provisions and accruals	<b>(136)</b>	7
Assessed losses	<b>59</b>	-
Other	<b>1 169</b>	(56)
At the end of the period	<b>(16 264)</b>	(18 704)
<b>Composition of deferred taxation</b>		
Deferred taxation assets	<b>8 304</b>	6 471
Deferred taxation liabilities	<b>(24 568)</b>	(25 175)
	<b>(16 264)</b>	(18 704)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020 (continued)

## 7 NOTES TO THE CASH FLOW STATEMENT

	<b>Unaudited 30 September 2020 R'000</b>	Unaudited 30 September 2019 R'000
<b>Cash generated by operations</b>		
Profit/(loss) for the period	<b>215</b>	(7 505)
Taxation	<b>(406)</b>	1 321
Depreciation and amortisation	<b>362</b>	361
Impairment of investment in associate	<b>-</b>	10 986
Share of equity-accounted earnings	<b>(1 148)</b>	(2 223)
Fair value adjustments of investment properties	<b>87</b>	-
Fair value adjustments of financial instruments	<b>1 363</b>	(654)
Investment income	<b>(3 052)</b>	(3 725)
Finance costs	<b>1 431</b>	83
Other non-cash items	<b>(1)</b>	30
	<b>(1 149)</b>	(1 326)
<b>Changes in working capital</b>		
Inventory	<b>(7)</b>	(2)
Trade and other receivables	<b>(642)</b>	(576)
Trade and other payables	<b>76</b>	(704)
	<b>(573)</b>	(1 282)
<b>Taxation paid</b>		
Unpaid at the beginning of the period	<b>697</b>	687
Charged to the statement of profit and loss	<b>-</b>	(4 865)
Unpaid at the end of the period	<b>(709)</b>	1 209
	<b>(12)</b>	(2 969)
<b>Cash and cash equivalents</b>		
Bank balances and deposits	<b>45 723</b>	27 576

### 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.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020 (continued)

## 8 BORROWINGS

	<b>Unaudited 30 September 2020 R'000</b>	Unaudited 30 September 2019 R'000
Bank mortgages	33 831	-
Loans from non-controlling interests	2 523	1 159
	<b>36 354</b>	1 159
Current portion of borrowings	<b>(1 733)</b>	(1 159)
	<b>34 621</b>	-
Secured	<b>33 831</b>	-
Unsecured	<b>2 523</b>	-
	<b>36 354</b>	-

Loans from non-controlling interests, which includes an amount of R2.5 million (September 2019: RNil) owing to Bell Vue Developments Proprietary Limited, are unsecured, bear no interest and have no fixed terms of repayment. The loan will not be recalled within the next 12 months.

The bank mortgage facility bears interest at a rate of prime less 1%. The facility is repayable in 60 instalments with a residual of approximately 72% maturing approximately 7 July 2025.

Movements in the carrying value of borrowings are as follows:

	<b>Long-term borrowings R'000</b>	<b>Short-term borrowings R'000</b>	<b>Total R'000</b>
<b>Group 2020</b>			
Carrying value at the beginning of the period	33 046	3 296	36 342
<b>Cash-flows:</b>			
Raising of new debt	-	12	12
<b>Non-cash:</b>			
Reclassification	1 575	(1 575)	-
Carrying value at the end of the period	<b>34 621</b>	<b>1 733</b>	<b>36 354</b>

The following represents the book value of the security for these borrowings:

	<b>Unaudited 30 September 2020 R'000</b>	Unaudited 30 September 2019 R'000
Investment properties*	56 584	-
	<b>%</b>	
Weighted average effective interest rates	<b>6.75%</b>	-

\* Investment properties, with a carrying value of R56.6 million (2019: RNil), relates to La Concorde Builders Precinct properties over which mortgage bonds have been registered in favour of the debt funding providers to La Concorde Group included in borrowings.

All funding is denominated in South African Rands and bear interest at a floating rate. At 30 September 2020 the carrying value of borrowings approximates their fair value as market-related rates have been applied to discount the instruments.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020 *(continued)*

## 9 EVENTS AFTER REPORTING PERIOD

The Group concluded a sale agreement in July 2020. In terms of the agreement, Erf 31366, Picardi Farm, Paarl, Western Cape, Erf 8677, Paarl, Western Cape and Erf 8676, Paarl, Western Cape was sold for R73 million. The transfer was successfully completed on 21 October 2020.

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

## 10 GOING CONCERN

The outbreak of the coronavirus has resulted in the World Health Organisation declaring it a pandemic on 11 March 2020, following which the South African Government declared a national state of disaster on 15 March 2020, with various restrictions being implemented. On 23 March 2020 the South African Government declared a level 5 national lockdown (5-level restriction hierarchy with level 5 being the most restrictive), which was subsequently reduced to level 3 from 1 June 2020, level 2 from 18 August 2020 and level 1 from 21 September 2020. The measures implemented from level 3 had a limited impact on the business operations as commercial tenants continued to pay their rental. The restrictions under level 1 permit the provision of domestic leisure travel and accommodation services, while observing strict health protocols.

The impact on vacancies has been considered in determining the fair value of the investment properties. While the final outcome is unclear, it is anticipated that the negative economic impact in South Africa and around the world will be severe in the short to medium term. While the Company will not be immune to these challenges it, however, has been allowed to continue most operations. The short to medium-term severity of the global coronavirus pandemic and consequent impact on the profitability of the Company's business, however, remain uncertain.

The directors reviewed the 2021 forecast to assess the impact of the coronavirus, and no risks were identified which would impact the Company's status as a going concern. The directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis.

The directors have satisfied themselves that the Company is in a sound financial position and that it will meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Company. 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 Company.

## 11 DIVIDENDS

The Board has resolved not to declare an interim dividend.

## COMMENTARY FROM THE CHIEF EXECUTIVE OFFICER

The assets of La Concorde consist of investment property, art and cash, as well as Hosken Passenger Logistics & Rail (“HPL&R”) shares acquired during the acquisition and distribution of the Group’s interest in that company. Further development of properties is being considered, however, the current zoning of these properties will naturally result in significant delays.

During the period the income generated mainly consisted of rental income, recoveries of utilities and operating expenses and interest and dividend income.

Operating expenses mainly consist of utility expenses, management fees, salaries, and repairs and maintenance required for the management of the properties.

Fair value adjustments to shares resulted from the decrease in the traded price of HPL&R shares. During the current period, a dividend of R2 million was received from HPL&R.

The Group concluded a sale agreement in July 2020. In terms of the agreement, Erf 31366, Picardi Farm, Paarl, Western Cape, Erf 8677, Paarl, Western Cape and Erf 8676, Paarl, Western Cape was sold for R73 million. The transfer was successfully completed on 21 October 2020.

The Group has concluded an offer to lease with Food Lover’s Market (“FLM”) for a building to be erected on surplus land. The expected opening is during July 2021.

The World Health Organisation declared the coronavirus a pandemic in March 2020, following which the South African Government declared a national state of disaster, which remains in place at the time of writing. The national state of disaster has been associated with a number of restrictions on businesses and individuals. The Company has experienced limited impact on the business operations, as our commercial tenants have continued to pay their rentals. The longevity of the global coronavirus pandemic and consequent impact on the profitability of the Company’s business, however, remain uncertain.

Signed on behalf of the Board of directors

**Cisco Pereira**  
*Director*

Cape Town  
19 November 2020



**REG NO.**

2009/012871/06

**DIRECTORS**

JA Copelyn, LI Bethlehem, AF Pereira and Y Shaik

**COMPANY SECRETARY**

HCI Managerial Services Proprietary Limited

**REGISTERED OFFICE**

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**WEBSITE**

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**AUDITORS**

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**TRANSFER SECRETARIES**

Computershare Investor Services Proprietary  
Limited