



LA CONCORDE

Registration number: 2009/012871/06

LA CONCORDE HOLDINGS LIMITED

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for year ended 31 March 2022

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited	Audited
		as at	As at
		31 March 2022	31 March 2021
	Notes	R'000	R'000
ASSETS			
Non-current assets		252 709	174 920
Property, plant and equipment		6 571	2 416
Right-of-use assets		164	-
Investment properties	3	192 813	131 314
Intangible assets		145	64
Investment in associate	4	15 821	12 187
Other financial assets	5	31 598	19 022
Deferred tax	6	3 809	8 182
Finance lease receivable	7	1 788	1 735
Current assets		93 498	107 923
Trade and other receivables		3 595	2 533
Inventory		575	287
Taxation		2 204	2 437
Cash and cash equivalents	8	87 124	102 666
Non-current assets held for sale		346	374
Total assets		346 553	283 217
EQUITY AND LIABILITIES			
Equity		236 281	221 831
Ordinary share capital		1	1
Share premium		408 986	408 986
Retained losses		(178 608)	(192 087)
Non-controlling interest		5 902	4 931
Non-current liabilities		99 212	51 391
Borrowings	9	77 122	31 820
Lease liability	7	1 928	1 735
Deferred taxation	6	20 162	17 836
Current liabilities		11 060	9 995
Trade and other payables		4 189	4 783
Current portion of borrowings	9	6 871	5 212
Total equity and liabilities		346 553	283 217

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited	Audited
	Year ended	Year ended
	31 March 2022	31 March 2021
	R'000	R'000
Revenue*	9 822	7 765
Property rental income*	11 652	10 965
Income	21 474	18 730
Other operating expenses and income	(19 367)	(19 729)
Depreciation and amortisation	(819)	(906)
Operating profit/(loss)	1 288	(1 905)
Investment income	7 078	6 358
Fair value adjustments of financial instruments	12 576	(1 201)
Investment surplus/(deficit)	29	(350)
Share of equity-accounted earnings	4 842	2 310
Finance costs	(4 592)	(2 865)
Profit before taxation	21 221	2 347
Taxation	(6 698)	3 999
Profit for the year	14 523	6 346
Attributable to:		
Equity holders of the parent	13 552	5 771
Non-controlling interest	971	575
	14 523	6 346
Earnings per share (cents)		
Basic earnings	21.1	9.0
Headline earnings	21.3	9.1
Shares in issue		
Number of shares issued ('000)	64 116	64 366
Shares repurchased ('000)	-	(38)
Net weighted average number of shares in issue	64 116	64 328

* In the prior financial year income an amount of R967 000 was reclassified to revenue to more accurately reflect the nature of the income. This is consistent with the treatment in the current financial year. This reclassification had no impact on the profit for the year.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited	Audited
	Year ended	Year ended
	31 March 2022	31 March 2021
	R'000	R'000
Balance at the beginning of the year	221 831	206 102
Total comprehensive income for the year	14 523	6 346
Repurchase of shares	-	(818)
Dividends forfeitures	(73)	10 201
	236 281	221 831

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited	Audited
		Year ended	Year ended
		31 March 2022	31 March 2021
	Notes	R'000	R'000
Cash flows from operating activities			
Net cash from operating activities		(2 662)	(4 834)
Cash utilised by operations	8	(3 581)	(3 252)
Changes in working capital	8	(1 944)	1 404
Cash utilised by operating activities		(5 525)	(1 848)
Investment income		7 078	6 358
Finance costs		(4 375)	(2 865)
Taxation paid	8	233	(6 479)
Dividends paid		(73)	-
Cash flows from investing activities		(59 370)	60 619
Dividends received		1 208	226
Additions to investment property		(59 365)	(12 964)
Additions to property, plant and equipment		(4 910)	(463)
Proceeds on disposal of property, plant and equipment		3 416	820
Proceeds on disposal of investments		401	73 000
Intangible assets acquired		(120)	-
Cash flows from financing activities		46 490	(128)
Ordinary shares repurchased		-	(818)
Borrowings raised		46 490	1 399
Borrowings repaid		-	(709)
Cash and cash equivalents			
Movements		(15 542)	55 657
At the beginning of the year		102 666	47 009
At the end of the year		87 124	102 666

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the year ended 31 March 2022 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 2021. 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, other than the income received from the property operations of which the financial effects are disclosed in the financial statements.

3 INVESTMENT PROPERTIES

	2022 R'000	2021 R'000
Investment properties at fair value	188 853	129 379
Non-current operating lease equalisation asset	3 960	1 935
	192 813	131 314
Reconciliation of carrying value		
At the beginning of the year	131 314	189 439
Transfer to non-current assets held for sale	(346)	(374)
Additions	59 820	12 870
Disposals	-	(72 556)
Movements in non-current operating lease equalisation assets	2 025	1 935
At the end of the year	192 813	131 314

Investment properties are stated at fair value.

The group determined the fair values of the assets using directors' valuations, using a combination of the free cash flow, direct comparable sales and actual capitalised construction cost method, 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 for the year ended 31 March 2019. During the year ended 31 March 2021 the same valuers reviewed the reasonableness of the assumptions applied in the directors' valuation.

The directors evaluated the fair values using similar principles used by the valuers during 2019 to determine the fair values of the investment property for the year ended 31 March 2022.

The directors 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 R192.8 million at 31 March 2022 was arrived at on the basis of directors' valuation. The fair value of the vacant land, totalling R0.9 million, was determined by applying the direct comparable sales method. The fair value of the Laborie Estate (which includes accommodation buildings, other buildings, agricultural land and a residential house), totalling R66.9 million, was determined by applying the free cash flow, depreciated cost valuation and direct comparable sales techniques, and commercial buildings with a fair value of R125 million were valued using the free cash flow method, direct comparable sales method and actual capitalised construction costs.

Significant unobservable inputs were as follows:

	2022 %	2021 %
Accommodation buildings		
Rental growth rate	6.0	6.0
Cost growth rate	6.0	8.0
Occupation rate	40.0 - 50.0	40.0 - 50.0
Exit capitalisation rate	10.5	10.5
Discount rate	16.0	15.3

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

3 INVESTMENT PROPERTIES *(continued)*

	2022	2021
	%	%
Commercial buildings		
Rental growth rate	6.0	6.0
Cost growth rate	8.0	8.0
Occupation rate	100.0	100.0
Exit capitalisation rate	9.8	10.0
Discount rate	14.5	14.8
	2022	2021
	R'000	R'000
Amounts recognised in profit and loss for the year:		
Income and recoveries from investment property	21 474	18 730
Direct operating expenses from rental-generating property	(19 367)	(19 729)
	2 107	(999)
Contractual rent receivable:		
- within one year (included in trade and other receivables)	9 173	4 874
- within two to five years	42 535	22 598
- after five years	44 288	25 184
	95 996	52 656
Investment properties consist of:		
Erf 31403, Main Street House, Paarl, Western Cape	4 212	4 000
Erf 11919, De Hoop Farm, Paarl, Western Cape, in extent of 3.3 ha	125 000	68 463
Erf 212, 213, 214 and 224, Klapmuts erven, in extent of 5 502 m ²	950	1 296
Erf 13004, Paarl, Western Cape, in extent of 44.3918 ha	62 651	57 555
	192 813	131 314

4 INVESTMENT IN ASSOCIATE

Name of associate	Place of business	Principal activity	Group interest		2022 R'000	2021 R'000
			2022 %	2021 %		
Paarl Vallei Bottling Company Proprietary Limited	South Africa	Bottling	30.9	30.9	15 821	12 187
					15 821	12 187
Group						
Reconciliation of investment in associate						
At the beginning of the year					12 187	10 103
Share of the profits					4 842	2 310
Dividend received					(1 208)	(226)
					15 821	12 187

The value of the Company's investment in Paarl Vallei Bottling Company Proprietary Limited was reviewed based on forecast volumes and profitability.

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

5 OTHER FINANCIAL ASSETS

	2022 R'000	2021 R'000
Financial assets carried at fair value through profit or loss		
Equity securities	31 598	19 022
Non-current portion	31 598	19 022

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

	2022 R'000	2021 R'000
Movements in deferred taxation		
At the beginning of the year	(9 654)	(16 671)
Realisation of fair value remeasurements	576	9 064
Accelerated tax allowances	(1 558)	(149)
Provisions and accruals	44	(103)
Assessed losses	1 775	258
Fair value remeasurements of listed and unlisted shares	(7 008)	(1 511)
Lease smoothing	(528)	(542)
At the end of the year	(16 353)	(9 654)
Analysis of deferred taxation		
Accelerated tax allowances	(4 813)	(3 255)
Fair value remeasurements	(11 685)	(12 261)
Provisions and accruals	192	148
Assessed losses	2 425	650
Fair value remeasurements of listed and unlisted shares	(1 402)	5 606
Lease smoothing	(1 070)	(542)
	(16 353)	(9 654)
Composition of deferred taxation		
Deferred taxation assets	3 809	8 182
Deferred taxation liabilities	(20 162)	(17 836)
	(16 353)	(9 654)

Deferred tax is calculated on all temporary differences by using the liability method and applying a tax rate of 27% (2021: 28%). On 23 February 2022 the Minister of Finance announced a 1% decrease in the corporate tax rate for all companies with a tax year ending on or after 31 March 2023. The new tax rate of 27% was substantively enacted by 31 March 2022 and has therefore been applied to all deferred tax balances which are expected to reverse after 1 April 2022.

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

7 LEASES

Nature of leasing activities (in the capacity as lessee)

The group leases land from the Stellenbosch Municipality. The lease rentals are payable annually and escalates at the consumer price index rate. The lease has a remaining term of 19 years at the end of the current financial year.

	Land and buildings R'000	Total R'000
Reconciliation of carrying value: finance lease receivable		
2022		
Carrying value as at 1 April 2021	1 735	1 735
Interest income	178	178
Lease receipts	(125)	(125)
Carrying value as at 31 March 2022	1 788	1 788
2021		
Carrying value as at 1 April 2020	1 705	1 705
Interest income	175	175
Lease receipts	(145)	(145)
Carrying value as at 31 March 2021	1 735	1 735
Reconciliation of carrying value: lease liabilities		
2022		
Carrying value as at 1 April 2021	1 735	1 735
Finance costs	178	178
Lease payments	(175)	(175)
Additions	190	190
Carrying value as at 31 March 2022	1 928	1 928
2021		
Carrying value as at 1 April 2020	1 705	1 705
Finance costs	175	175
Lease payments	(145)	(145)
Carrying value as at 31 March 2021	1 735	1 735

The table below analyses the group's lease liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than one year R'000	Between one and five years R'000	Over five years R'000	Total R'000
2022				
Lease liabilities	156	696	3 981	4 833
2021				
Lease liabilities	150	669	4 133	4 952

Residual value guarantees

None of the group's lease contracts contain residual value guarantees.

Committed leases not yet commenced

The group has not committed to any lease contracts which had not commenced by the reporting date.

Encumbrances

Lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

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

8 NOTES TO THE CASH FLOW STATEMENT

	2022	2021
	R'000	R'000
Cash generated by operations		
Profit for the year	14 523	6 346
Taxation	6 698	(3 999)
Depreciation and amortisation	819	906
Profit on disposal of plant and equipment	(3 416)	(207)
Share of equity-accounted earnings	(4 842)	(2 310)
Fair value adjustments of financial instruments	(12 576)	1 201
Investment income	(7 078)	(6 358)
Finance costs	4 592	2 865
Expected credit loss allowance, net of reversals	54	-
Investment surplus	(29)	350
Operating equipment usage	(190)	-
Lease smoothing	(2 025)	(1 935)
Other non-cash items	(111)	(111)
	(3 581)	(3 252)
Changes in working capital		
Inventory	(288)	(4)
Trade and other receivables	(1 062)	(248)
Trade and other payables	(594)	1 656
	(1 944)	1 404
Taxation paid		
Unpaid at the beginning of the year	2 437	697
Charged to the statement of profit and loss	-	(4 701)
Other	-	(38)
Unpaid at the end of the year	(2 204)	(2 437)
	233	(6 479)
Group		
Cash and cash equivalents		
Bank balances and deposits	87 124	102 666

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.

9 BORROWINGS

	2022	2021
	R'000	R'000
Bank mortgages	80 242	33 281
Loans from non-controlling interests	3 751	3 751
	83 993	37 032
Current portion of borrowings	(6 871)	(5 212)
	77 122	31 820
Secured	80 242	33 281
Unsecured	3 751	3 751
	83 993	37 032

Loans from non-controlling interests, which includes an amount of R3.8 million (2021: R3.8 million) owing to Bell Vue Developments Proprietary Limited, are unsecured, bear no interest and have no fixed terms of repayment.

The bank borrowings bear interest at an effective rate of 7.43% (the fixed borrowings bear interest at 8.7% and the variable borrowings bear interest at prime less 1% and three-month JIBAR plus 2.6%). The facility is repayable in 60 instalments with a residual of approximately 73% maturing approximately 7 July 2025 and 5 April 2027.

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

9 BORROWINGS *(continued)*

Movements in the carrying value of borrowings are as follows:

	Long-term borrowings R'000	Short-term borrowings R'000	Total R'000
Group			
2022			
Carrying value at the beginning of the year	31 820	5 212	37 032
Cash flows			
Raising of new debt	45 302	1 188	46 490
Interest paid	-	(4 375)	(4 375)
Non-cash			
Interest capitalised	-	4 744	4 744
Amortisation of raising fees	-	102	102
Carrying value at the end of the year	77 122	6 871	83 993
2021			
Carrying value at the beginning of the year	33 046	3 296	36 342
Cash flows			
Raising of new debt	1 399	-	1 399
Debt repayments	-	(709)	(709)
Non-cash			
Transfer from disposal group liabilities held for sale	(2 625)	2 625	-
Carrying value at the end of the year	31 820	5 212	37 032

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

	2022 R'000	2021 R'000
Investment properties*	125 000	68 463
Maturity of these borrowings are as follows:		
Due within one year	6 871	5 212
Due within one to two years	3 866	1 762
Due within two to five years	73 256	5 224
Due after five years	-	24 834
	83 993	37 032
	%	%
Weighted average effective interest rates	7.43	7.89

* Investment properties, with a carrying value of R125 million (2021: R68.5 million), relates to La Concorde Builders Precinct properties over which mortgage bonds have been registered in favour of the debt providers to La Concorde Group included in borrowings.

All funding is denominated in South African Rands and bear a floating rate. At 31 March 2022 the carrying value of borrowings approximates their fair value as market-related interest rates apply.

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

10 EVENTS AFTER REPORTING DATE

The directors have concluded a sale agreement in February 2022 in terms of which Erf 213, Klapmuts, was sold for R0.35 million. At the date of publishing this report, the transfer had not been concluded.

No material events which may have a significant influence on the financial position of the group occurred between the end of the financial period and the date of circulation of the financial results.

11 GOING CONCERN

The directors reviewed the 2023 forecast to assess the impact of the coronavirus pandemic 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.

12 DIVIDENDS

The Board has resolved not to declare a final dividend.

COMMENTARY

The assets of La Concorde consist of investment property, art and cash, as well as Frontier Transport Holdings ("FTH") shares acquired during the acquisition and distribution of the group's interest in that company. Further development of properties is continuously being considered, however, the current zoning of these properties will naturally result in delays.

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

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

Fair value adjustments to shares resulted from the increase in the traded price of FTH shares. During the current period a dividend of R2.9 million was received from FTH.

The group completed the erection of the Food Lover's Market ("FLM") building on the De Hoop Farm. FLM commenced trading in August 2021. During October 2021 the group concluded an offer to lease with Sportsmans Warehouse and Outdoor Warehouse for a building to be erected on the De Hoop Farm. The expected opening is during September 2022.

The coronavirus pandemic had a significant impact on the operations of the group during the first half of 2022. The group has seen an improvement in its operations, with positive signs from the new ventures entered into. The longevity of the pandemic and consequent impact on the future profitability of the Company's business, however, continues to be monitored by the Board.

Signed on behalf of the Board of directors

Cisco Pereira
Director

Cape Town
27 May 2022

ADMINISTRATIVE INFORMATION

REG NO.
2009/012871/06

DIRECTORS
JA Copelyn, JR Nicolella, AF Pereira and Y Shaik

COMPANY SECRETARY
HCI Managerial Services Proprietary Limited

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TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited



LA CONCORDE
