

Vunani says profitability sustainable as debt has been repaid



Butana Khoza

VUNANI		
Full Year	2012	2011
Revenue (Rm)	107.9	106.8
Pretax (Rm)	31.3	(23.6)
Net Profit (Rm)	11.8	(58.8)
HEPS (c)	(11.2)	(28)
Dividend (c)	—	—

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INVESTMENT firm Vunani yesterday reported a return to profit for the year ended December, and said it was confident its profitability would be sustainable as it no longer had to deal with high debt finance costs.

Vunani MD Butana Khoza said he was happy with the company's investment portfolio and was not looking to make any further disposals. "We are quite comfortable with what we hold. We have no doubt against our investments. We don't necessarily see a downside risk to them."

Last year, Vunani disposed of its investments in Brikor, PSV, Basil Read, Civils 2000, Wesizwe Platinum, and Consolidated Infrastructure Group. It used the proceeds to repay debt.

Vunani is now invested in BSI Steel, Workforce, Esorfranki, Gidani and some commercial properties.

Mr Khoza said the company was looking at opportunities to expand into Namibia, Botswana and possibly in the West Africa region. However, the plan was to build the business and find suitable local partners. Vunani was not looking at throwing a lot of cash at acquisitions.

"We are cautiously optimistic that something could emerge in the medium- to long term," Mr Khoza said. "We are not buyers of assets, we would rather build things."

So far this year Vunani has invested an undisclosed amount of cash in buying stakes in an asset management business in Zimbabwe now known as Purpose Vunani Asset Management, and a South African insurer known as C4Life.

In the year to December, Vunani posted a profit of R11.8m compared to a loss of R24.9m from continuing operations and a total loss of R58.8m the previous year.

Its asset management business reported a profit of R1.2m compared to a profit of R5.9m in 2011. The firm attributed the decline to a disposal of some assets. The investment holdings segment posted a profit of R3.3m versus a loss of R10.5m in 2011. The Securities Broking division widened its losses to R1.5m compared to R800,000 in 2011.

With the group having now swung to a profit the challenge going forward will be to start paying a sustainable dividend to shareholders.

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