

ConvergeNet's loss of R7,1m

Information technology services company ConvergeNet made an operating loss of R7.1m in the year ended August compared to an operating profit of R27.3m for the corresponding period a year ago, due to an increase in operating expenses, the company said in a SENS announcement on Friday (23 November).

Revenue decreased slightly by 1% from R1.029bn to R1.017bn, while the gross profit margin increased from 23.9% to 25.5% compared with the corresponding period, primarily as a result of a change in the business mix, the company said.

Operating expenditure increased by 29.8% to R286.6m compared with R220.8m last year. Included in operating expenditure is the cost of establishing Simat Management Company South Africa, a site maintenance entity focused on Africa.

The group's loss for the year was R46.3m compared with a profit of R30.9m in the previous year. The attributable loss was R43.9m from a profit of R23.6m last year, representing a basic loss per ordinary share of 4.92c from earnings of 2.66c and a headline loss per ordinary share of 5.01c from earnings of 2.70c.

Simat has established wholly-owned entities in Mauritius, Gabon and Congo Brazzaville. Operations started in March after it was awarded a contract by one of the leading mobile operators in Africa.

ConvergeNet had entered into a sale agreement with Pepkor on September 7 for the sale of ConvergeNet's remaining 15% interest in FutureCell for R40m in cash and the cancellation of the put and call agreement subject to the fulfillment of suspensive conditions. No dividend has been declared.

Looking ahead, the group will in the next five years focus on expanding its activities into more than 12 African countries and streamlining of its operations, it said.