“The *Honest* Plumber”

Daniel's Perspectives: November 22nd, 2019

This morning on my way in to work I noticed a truck with the words “*The Honest Plumber*” displayed prominently. It was obviously a reference to the occupant’s profession. I smiled somewhat ruefully, because I have had the displeasure of working with a few dishonest plumbers in my life before finally finding an honest one. The interesting thing is my honest plumber has not once *told* me he’s honest. He just gets on with doing an honest job every time I need him.

JSE listed construction company **Stefanutti Stocks** published yearend financial results to February 2019 on May 30th, 2019, reporting a deterioration in profitability from earnings per share of 67c to a *loss* per share of 70c. Its external auditors stated: “…***a material uncertainty exists that may cast significant doubt with respect to the group's ability to continue as a going concern***…”, but then concluded “*Based on the successful implementation of the remainder of the Funding Plan and the current assessment of the group's financial budget for the ensuing year, the directors consider it appropriate that the group's condensed consolidated results be prepared on the going-concern basis.* ***Therefore, our opinion is not modified in respect of this matter***”

On August 12th, 2019, it was announced long-serving Chairman Mr. Kevin Eborall and CEO Mr. Willie Meyburgh had retired.

Yesterday late afternoon the company provided a trading statement indicating a first-half *loss* per share of between R6 to R6,40. Today’s share price reaction of *minus* 50% clearly shows this update arrived as a shocking negative surprise to its shareholders.

What is the point of having highly paid ‘honest plumbers’ to report on the factual truths at listed companies if said ‘plumbers’ are so fundamentally conflicted as to be unwilling or unable to tell their truths consistently?

Our work continues…

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