

Diamond Foneworx

Being small is extremely handy in a number of situations, including when you are flying economy and when you are trying to maintain decent growth in the middle of a global recession. Foneworx exemplifies the sort of nimble, niched operator that has a number of revenue streams within its overall areas of competence, which enables it to react swiftly and decisively to a changing environment.

The company is involved in business and "infotainment" communications services, and is designing products to help corporates navigate the maze of anti-money laundering legislation that is covering the globe in a stranglehold of documentation. New this year is a disaster recovery division that will allow stockbrokers and traders to keep at the grindstone despite all manner of Acts of God at their primary workplace, a solution which implies a high level of faith in their powers of concentration. Foneworx is expecting to maintain its growth trajectory by continuing to expand into new and promising areas, and its performance to date inspires confidence.



Dog Dialogue



The downside of tucking into lots of new opportunities is that you can get so excited by the shiny new toys that you fail to notice your core business is flat on its back with legs in the air, making hideous croaking noises in its desperation for attention. Dialogue trebled in size with four acquisitions in the past few years, and it paid top dollar for two of those investments, with an independent valuation at year end resulting in an impairment charge of R30m.

At least the newly acquired businesses are making money, which is more than can be said for the core Dialogue call centre business. Management was woefully slow to react to the changing circumstances brought about by the National Credit Act, after which previous contracts disappeared at pace. Cold calling on behalf of financial services companies is no more, which is great news for the previously badgered consumer, but a disaster for Dialogue. Head count has been slashed and new clients are being sought to fill the gaps, but it will take time for the company to recover from the blow.

→ TRADING STATEMENTS

Company	Date issued	For period to	Guidance given
Afgold	Mar 27	Dec 31 08 (P)	Heps loss falls 38,22%-58,22%; EPS loss falls 37,82%-57,82%
Astrapak	Mar 31	Feb 28 09 (P)	Heps down 5%-15%; EPS down 60%-70%
Calgro M3	Mar 31	Feb 28 09 (P)	Heps: down 33%-43%; EPS down 55%-65%
Don Group	Mar 25	Dec 31 08 (I)	Heps: 0,26c-0,03c; EPS: 0,26c-0,03c
Dynamic	Mar 27	Dec 31 08 (P)	Heps down 44%-64%; EPS down 131%-151%
Jasco	Mar 25	Feb 28 09 (P)	Heps down 30%-35%; EPS down same
MICROmega	Mar 27	Dec 31 08 (P)	Heps down 3%-4%; EPS up 48%-50%
Sovereign	Mar 25	Feb 28 09 (P)	Heps: (31c-0c); EPS: (28,3c-0c)

I = Interim P = Preliminary

FONEWORX

TELECOMMUNICATIONS EQUIPMENT

BUY

Price: 77c	6m Dec	T/O (Rm)	EBT (Rm)	EPS (c)	DPS (c)
Mkt cap: R104,72m	2008	39,4	10,9	6,46	-
PE: 5,97	2007	35	9,5	6,13	-
Sector: 5,86	▼▲	+12,5%	+14,3%	+5,4%	-

Foneworx has not disappointed. Its results are not spectacular but, in a down economy, respectable. It has no debt and its cash reserves have more than doubled to R55,5m. **Larry Claasen**

PURPLE CAPITAL

SPECIALITY FINANCE

BUY

Price: 18c	6m-Feb	T/O (Rm)	EBT (Rm)	EPS (c)	DPS (c)
Mkt cap: R121m	2009	53,8	(66,5)	(10,3)	-
PE: N/A	2008	64	(36,1)	(12,3)	-
Sector: 1,7	▼▲	-16%	-83%	+16%	-

Purple had an abysmal six months, as it was taken to the cleaners by a rogue client of Global Trader Europe. But at 18c/share - far below its NAV of 43c - Mark Barnes's cleaned-up outfit is a good punt. **Rob Rose**

SALLIES

MINING

SELL

Price: 33c	Yr Dec	T/O (Rm)	EBT (Rm)	EPS (c)	DPS (c)
Mkt cap: R205,5m	2008	149,6	(61)	(9,6)	-
PE: N/A	2007	72,8	(25)	(4,1)	-
Sector: 1,7	▼▲	+105%	-140%	-135%	-

Few mining companies have had as rough a ride as fluorspar producer Sallies. Though it made a R45m operating profit this time around, huge questions over global fluorspar demand make this a sell. **Rob Rose**

CONTROL INSTRUMENTS

ELECTRONIC EQUIPMENT

SELL

Price: 40c	Yr Dec	T/O (Rm)	EBT (Rm)	EPS (c)	DPS (c)
Mkt cap: R55,77m	2008	1,014	-53,6	-36,4	-
PE: -0,89	2007	0,840	-61,7	-40,1	-
Sector: 5,32	▼▲	+20,73%	+13%	+9,2%	-

Where is the upside for Control Instruments? Sales have slumped for the supplier to the motor industry with the fall in car sales, and its spare parts business has also crashed. **Larry Claasen**

1Time

AVIATION

HOLD

Price: 50c	Yr Dec	T/O (Rm)	EBT (Rm)	EPS (c)	DPS (c)
Mkt cap: R105m	2008	1 049	(11,1)	(4,7)	-
PE: 108	2007	674	35,5	14,9	-
Sector: 66	▼▲	+55%	-131%	-131%	-

Aviation is un compelling right now - despite 1Time's 18% jump in passenger numbers and its shares trading below its 68c/share NAV. The R21m finance charges on its debt hurt too, as did a weakened rand. **Rob Rose**