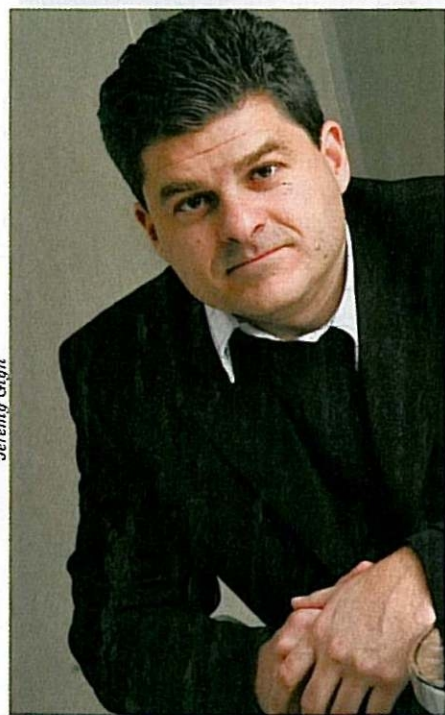


# Unexpected bonsella

**Huge Telecom surprised** investors at a presentation last week by declaring plans to issue a 12c dividend, despite operating a “negative working capital” cycle.

Financial director James Herbst explains that it is not as crazy as it sounds. He defines working capital as debt plus stock less creditors, and a negative cycle as the practice of paying creditors later than your debtors pay you.

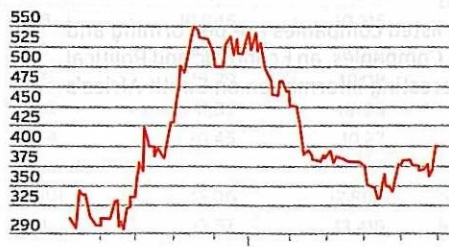
On average, Huge waits 30-45 days for



**James Herbst** Not so crazy

## HUGE GROUP

Share price (c)



SOURCE: I-NET BRIDGE

## Diamonds & Dogs

Jamie Carr

### Diamond ACTowers

**Here's another little** beauty bobbing around on AltX. These ambitious gentlemen consider that a day is wasted if it's not spent covering the seamier reaches of the continent with cellular transmission towers, and the continuing boom in cellular communications in Africa means that they are busy bees indeed. This is not a business for the faint-hearted, with passing mention made of conflict in Chad leading to a delay in completing a contract, but it is certainly positioned in the eye of a huge growth storm. ACTowers is piling into places such as the DRC, Congo Brazzaville and Madagascar, installing and building towers.

The company is planning to double manufacturing capacity over the next year, both as a result of organic growth and of its decision to move into building pylons for the electrical transmission industry. With Eskom poised to spend R39bn on transmission and distribution projects in the next five years, this could be a lucrative market, and ACTowers is moving at some speed to get its empowerment credentials in place. The company has delivered a remarkably assured performance since its arrival on AltX in 2006, and there looks to be plenty more potential. ■

### Dog Imuniti

**Imuniti's results announcement** shows a company that is trying to put on a brave face after a terrible year. The company emphasised the fact that the second half was a significant improvement on the first, but still the tales of woe continued: R2,9m of inventory written off due to a quantity of stock having expired, and a write-down of R6,4m when it finally pulled the plug on its attempts to establish wellness centres. Imuniti has made some progress in cutting costs, even, whisper it if you dare, pruning directors' salaries. Now the plan is to concentrate on getting the core businesses right.

The good news for the group, if not the populace at large, is that demand for some of its nutritional products may skyrocket due to the food crisis. The Imuniti Wellness Pack — designed to boost the immune system and provide a nutritional supplement and water decontamination agent — is in clinical trials with the Medicines Control Council. If it succeeds it could provide some welcome blue sky to long-suffering shareholders. Meanwhile, however, they will be hoping their company builds on the progress it has been making and gets on to a solid footing. ■

its debtors to pay, and takes between 45 and 90 days to pay its own debts. “If you are negative, that means your creditors are funding you,” Herbst says. He says this kind of practice is common in the telecom sector.

Huge is a least-cost router (LCR), a company that specialises in finding the cheapest way to route phone calls.

Herbst says the next challenge for the group is not to chase revenue but to improve its gross margin which, at 25%, is below the targeted 30%.

The introduction of new telecom players like Neotel actually increases business

opportunities for Huge, says Potgieter, as the addition of more players makes it more difficult to find the cheapest routes.

“The more complex things get, the more important it is that you have someone who knows what they are doing,” Potgieter says of LCR.

Huge is moving into areas such as advertising over mobile phones. It recently bought Eyeballs, a company that specialises in this.

Potgieter is bullish on the sector's prospects. “It's almost bullet-proof. Whether times are good or bad, people still make calls.”

Larry Claesen