

IN THE BLACK

with John Beveridge

Smaller companies can grow faster



In case you were wondering about my claim that small companies can grow faster and more safely than their much bigger cousins, here are some interesting results to consider from last year's Australian Microcap Conference.

Of the many companies that presented, those that enjoyed a stellar share price performance included Jumbo Interactive (448 per cent), Central Petroleum (180 per cent), Integrated Research (162 per cent), Webster (52 per cent) and the far from shabby Gale Pacific (27 per cent).

The problem is working out which companies will be this year's star performers and which will need more time — or may never make the grade.

Another I like out of this year's crop is the freshly restructured Vita Group, which works in the booming area of smartphones, telecommunications, accessories and providing services to business and retail customers.

The two big names driving Vita's success are its partnerships with Telstra and Apple, both of which are ramping up product sales to take advantage of faster 4G data speeds.

During its recent restructuring, Vita opened 79 Telstra stores and 12 Telstra business centres, while getting out of some of its underperforming Fone Zone and One Zero stores.

Vita's Apple exposure through its Next Byte outlets has been a bit problematic as the big Apple stores grabbed a lot of revenue, but after taking a \$15 million impairment in 2011-12 and rolling out new format stores, it is confident of increasing margins.

accidental dunkings into toilets, pools and baths.

Others include a mobile accessory distribution business, Sprout, a mobile device management system, Amtelnet, an Apple service and repair business, iConcierge, a Twitter-based customer service platform, Twelp Tribe, and a suite of electronic small business management tools called Finga.

These give Vita the chance to add some high margin/low capex sidelines and variety to its larger businesses. This is vital in the technology area, when even the smallest and most unlikely idea can become a mainstay overnight.

Vita Group is a buy.

MORE than a quarter of Victoria's 80 million ounces of gold production came out of the Bendigo gold fields and there is every chance there are many more to come.

Navarre Mineral's theory holds that its Bendigo North prospect will repeat Bendigo's pattern of gold hosting quartz reefs. The exploration numbers are lending more support to the idea all of the time.

While the 29 lines of quartz reef are buried under shallow cover, they have produced some nice numbers. The results of a new hole out yesterday showed 4.6 metres at 23.1 grams of gold a tonne, rising to 59.2 g/t for a 1.5 metre section.

Earlier drill holes showed similar results. The task for Navarre now is patiently to assemble enough drill results until it knows what it is dealing with.

Victoria's nuggety quartz style of gold mineralisation is difficult to interpret but given modern open pit

Group revenue was up 6 per cent to \$410.4 million in the past year, with telecommunications making up most of that after growing 21 per cent to \$303.2 million.

This year some of the hard decisions should start to bear fruit as costs and capital spending fall, debt stabilises at around 20 per cent before falling, and free cash flow supports rising dividends.

Vita also has some cool add ons including Liquipel, a coating that allows a smartphone to survive

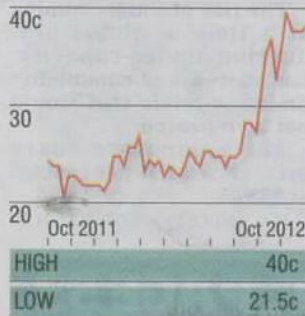
mining and processing techniques and conceptual mining studies, chief executive Geoff McDermott will eventually know whether he has an economic mine on his hands.

There is always risk in exploration, but with 29 holes drilled since the start of October, the picture will slowly emerge as more assays are reported.

Navarre remains a speculative buy.

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VITA GROUP



NAVARRE MINERALS

