

Huntleys' SMALLER COMPANIES Guide

Incorporating the Australian Penny Share Guide

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CONTENTS

| | |
|-------------------------------|----|
| Adacel Technologies Ltd | 19 |
| Anadis Limited | 20 |
| Atlas Pacific | 25 |
| Aurora Gold | 16 |
| Axon Instruments | 6 |
| Candle Australia | 7 |
| CCI Holdings | 25 |
| Centennial Coal | 17 |
| Charter Pacific | 25 |
| Circadian Technologies | 26 |
| Clough Limited | 26 |
| CMI Limited | 9 |
| Coffey International | 26 |
| Count Financial Ltd | 11 |
| Davnet Limited | 21 |
| DC International | 27 |
| Dominion Mining | 18 |
| Gradipore | 27 |
| Heron Resources | 23 |
| locom Ltd | 27 |
| Joyce Corporation | 28 |
| Midware Limited | 28 |
| Mikoh Corporation | 28 |
| Pracom Limited | 14 |
| Psiron Limited | 29 |
| Techniche | 29 |
| Volante Group Ltd | 15 |
| Waivcom Worldwide | 29 |
| West Oil | 24 |
| Yates & Co, Arthur | 30 |
| Zeolite | 30 |

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Huntleys' Investment Information Pty Ltd or associates hold interests in Axon Instruments, Count Financial, Atlas Pacific, Charter Pacific (Metal Storm), Circadian Technologies, DC International, Gradipore, Mikoh and Waivcom Worldwide. These positions can change at any time and are not additional recommendations.

GLOSSARY

Buy - Suitable for purchase now. **Accumulate** - Undervalued, but there is time to purchase. **Hold** - Appropriately priced, neither a buy or a sell. **Lighten** - Overpriced. Better value elsewhere. **Mkt Cap** - The company's market capitalisation. **FY** - The company's month end financial year. **NPAT** - Net Profit After Tax - before abnormal. **EBIT** - Earnings before interest and tax. **EPS** - Earnings per share, in cents. **DPS** - Dividend per share, in cents. **Fr.%** - The percentage of the dividend that is franked. **YLD** - Dividend per share divided by the market price. **PER** - Price Earnings Ratio **Net Present Value** - Valuation using discounted cashflows.

We use two stock classifications - Smaller Companies and Speculative Companies. Smaller Companies cover stocks that are more risky than the Blue Chips and Second Liners covered in the Your Money Weekly publication, but have the potential to offer good growth. Speculative Companies are the highest risk stocks, offering potentially high rewards but with the commensurate risk. We recommend no more than 10% of your total portfolio be in Speculative Stocks. **pcp** - Previous corresponding period **cps** - cents per share

INFORMATION

Information in this publication is largely based on company reports to the Australian Stock Exchange and is supplied courtesy of the Australian Stock Exchange Limited. SCG, of course, is responsible for additional information, background and analysis. Charts are sourced from Bridge/DFS Pty Ltd through their IRESS market data system.

HIGHLIGHTS

- ★ Axon - growth on track
- ★ Candle Australia - yield plus cyclical recovery
- ★ CMI Limited - 10% yield

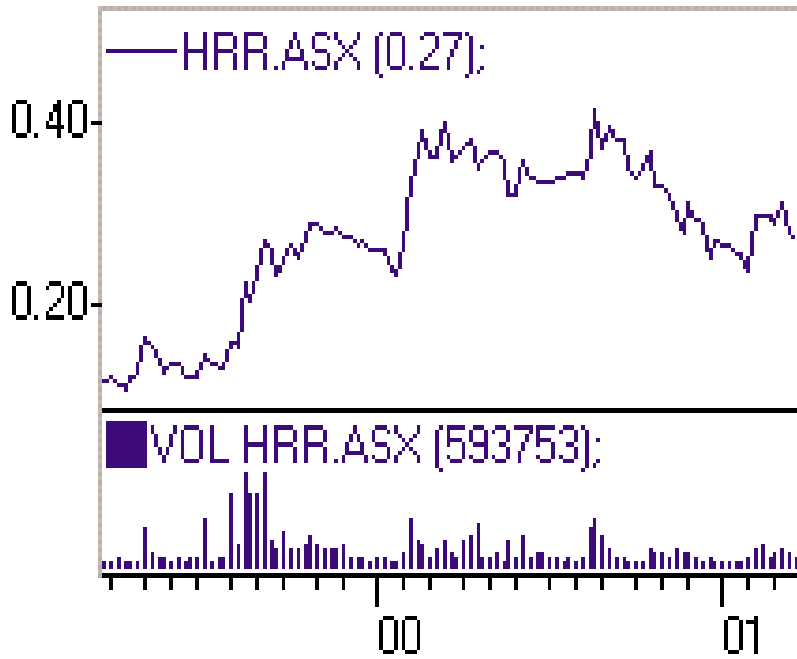
SPECULATIVE STOCKS

Resource Reviews & Updates

HERON RESOURCES (HRR) \$0.27

Mkt Cap: \$27.2m

Last Reviewed SCG 260



As expected, HRR's strategic partner, Centaur Mining and Exploration, has been placed into administration. This gives HRR the right to terminate the Strategic Alliance Agreement and potentially frees the company to participate in a bigger play. We discussed Heron's high quality resource base in SCG issue 260 and concluded it would be a key part in the future of Centaur's Cawse nickel mine. There are many possible permutations for Cawse's future and nothing

firm has started to crystallise, however HRR is likely to figure in some way for most of the probable outcomes due to its superior resource base.

We continue to suggest this stock as an interesting speculative buy. We believe the right deal could multiply HRR's current share price.