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A resonating rise

Common sense dictates that you should never invest in something you don't understand, but common sense has rarely played a part in the Punter's decisions.

So although he has no idea what quadropole resonance is, and probably wouldn't understand it if you told him, he is plunging into QRSciences, whose profits largely depend upon it.

He's been in QRS before, quite a time ago, and fortunately managed to bail out at a modest profit when the shares were somewhere between 40 and 60 cents each. Less than a month ago they dropped as low as eight cents. A great share not to have owned over the last twelve months.

But the Punter's niggling fear is that he may have left buying back into them a bit late.

On August 6, the company announced strong revenue, earnings and asset growth. On Tuesday this week there was a buoyant investor presentation and on Wednesday the announcement of a major contract from the security division of General Electric. The shares have risen 60 per cent in a week, and that resonates with the Punter, pole or no pole.

QRSciences, based in Melbourne, specialises in the design, development and sale of advanced technology and

To provide an indication of how speculators can ride the rises and falls of the sharemarket, The Punter will report on \$50,000 invested in Australian stocks.



the punter

software for security applications, such as the detection of explosives and concealed weapons at airports.

It has had a chequered history but it recently announced that revenue was up 34 per cent over the previous year, net assets were up 62 per cent and earnings per share are expected to double in the 2009 financial year.

For the first time in its operating history it had a positive cash flow in the fourth quarter of the 2008 financial year, and it expects to stay that way.

"Both the distribution business and the technology businesses continue to make sharp gains," it told the stock exchange.

It is currently restructuring, hiving off most of its technology and its US businesses to Diversified Opportunities Inc, a

US public company quoted on the over-the-counter stock market. Diversified intends to raise additional capital by issuing more shares, but QRS, which now owns 97 per cent of the US company, will retain majority control of Diversified.

All technology companies are inherently risky, because you never know when some teenage nerd is going to spoil the party by building a better box in his parent's garage. On the other hand, government and airport security contracts should be reasonably recession-proof. The US Department of Homeland Security remains profitably paranoid, so the Punter has bought 10,000 QRS shares at 15.5 cents each.

Meanwhile, he has decided not to take up the offer of new shares in the Zicom Group at 20 cents each because with the shares trading around 19 cents there is no incentive to do so. He still likes the company, though, so he will hang on to his current holding.

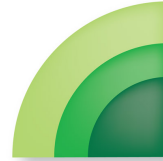
He is not hanging on to LV Living (LV) or the BrainyToys options (BRTO). They have gone nowhere but down.

● The Punter has no financial qualifications and no links to the financial services industry. He owns shares in a number of companies featured in this column



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PUNTER'S PORTFOLIO								
Date bought	ASX code	Name	Number	Price paid	Total cost	Latest price	Current Value	Paper profit
19-May-07	HAZ	Hazelwood	3,000	\$0.345	\$1,065	\$0.140	\$390	-\$675
16-Jun-07	AGX	Agenix	45,000	\$0.019	\$830	\$0.017	\$735	-\$95
30-Jun-07	AZS	Azure Minerals	10,000	\$0.170	\$1,730	\$0.125	\$1,220	-\$510
12-Jul-07	BIT	Biotron	25,000	\$0.206	\$5,190	\$0.160	\$3,970	-\$1,220
09-Jul-07	MEP	Minotaur	2,000	\$0.785	\$1,600	\$0.300	\$570	-\$1,030
27-Sep-07	VMT	Vmoto Ltd	10,000	\$0.170	\$1,730	\$0.091	\$880	-\$850
11-Oct-07	EDE	Eden Energy	5,000	\$0.415	\$2,105	\$0.190	\$920	-\$1,185
11-Oct-07	ADE	Adelaide Energy	10,000	\$0.180	\$1,830	\$0.100	\$970	-\$860
01-Nov-07	CNM	Carnegie Corporation	5,000	\$0.100	\$500	\$0.190	\$920	\$420
25-Oct-07	SXPO	Sapex Options	5,000	\$0.160	\$830	\$0.485	\$2,395	\$1,565
22-Nov-07	CBD	CBD Energy	7,000	\$0.290	\$2,060	\$0.115	\$775	-\$1,285
29-Nov-07	FMS	Flinders Mining (formerly Diamonds)	50,000	\$0.090	\$4,530	\$0.160	\$7,970	\$3,440
	QRS	QRSciences	10,000	\$0.155	\$1,580	\$0.155	\$1,520	-\$60
13-Feb-08	VPE	Victoria Petroleum	10,000	\$0.155	\$1,580	\$0.160	\$1,570	-\$10
19-Mar-08	TRFO	Trafford Resources Options	2,000	\$0.300	\$630	\$0.210	\$390	-\$240
19-Mar-08	ARU	Arafura Resources	3,000	\$0.810	\$2,460	\$0.740	\$2,190	-\$270
28-Mar-08	HRL	Hot Rock Ltd	15,000	\$0.130	\$1,980	\$0.110	\$1,620	-\$360
03-Apr-08	ZDL	Zicom Group	7,500	\$0.260	\$1,980	\$0.190	\$1,395	-\$585
21-Apr-08	NAD	North Australian Diamonds	100,000	\$0.020	\$2,030	\$0.010	\$970	-\$1,060
14-May-08	LEG	Legend Mining	50,000	\$0.032	\$1,630	\$0.024	\$1,170	-\$460
02-May-08	ADQ	ADG Global Supply	5,000	\$0.300	\$1,500	\$0.295	\$1,445	-\$55
18-Jun-08	COZ	COZ	6,000	\$0.360	\$2,190	\$0.290	\$1,710	\$0
24-Jul-08	MXROA	Maximus 20c June 2009 options	10,000	\$0.070	\$730	\$0.040	\$370	-\$360
24-Jul-08	MXROA	Maximus 20c June 2009 options	10,000	\$0.070	\$730	\$0.025	\$220	-\$510
TOTAL SHARES					\$42,290		\$36,065	-\$5,745
02-Jul-08	QAN6R	Qantas Feb 2009 \$2.75 put options	5,000	0.25	1,300	\$0.115	\$25	-\$775
TOTAL OPTIONS					\$1,300		\$525	-\$775
SALES			Number	Bought @	Total cost	Sold @	Receipts	Profit/loss
12 May 07 to date	Not result of previous sales		-	-	\$50,816	-	\$83,251	\$32,174
10-Apr-08	BRTD	Brainytoys options	6,000	\$0.010	\$60	\$0.013	\$48	\$0
28-May-08	LVL	LV Lving	200,000	\$0.008	\$1,630	\$0.004	\$770	-\$860
TOTAL SALES					\$52,506		\$84,069	\$31,563
CASH BALANCE								\$37,973
TOTAL PORTFOLIO								\$74,563