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# **QRSciences Holdings Limited AGM Presentation**

**November 2008**

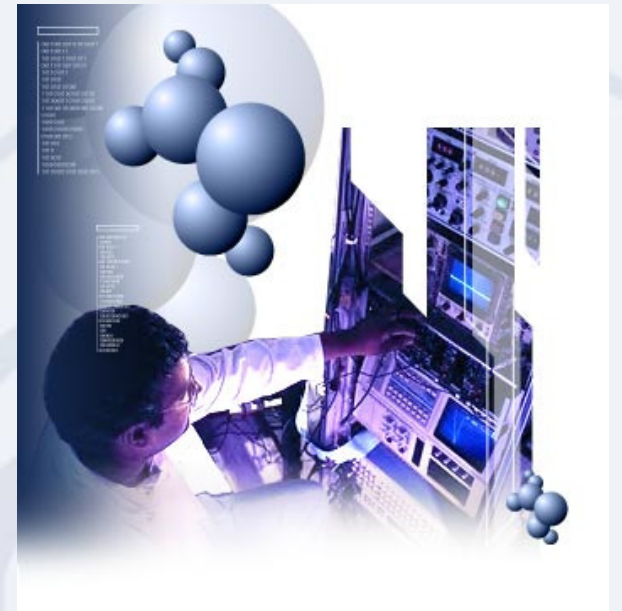


# QRSciences Holdings – Overview

## Company

**Headquarters in Melbourne – offices around Australia & in San Diego**

- Founded 1997
- 40+ employees
- Design, develop, market and sell security products/ solutions globally



# QRSciences Holdings – Business Units

- **QRSciences P/L** – Quadrupole Resonance and Weapons Detection Technologies
- **Spectrum SDI** (27.6%-owned) – X-ray & imaging technologies

Convertible Preferred for \$800k taking investment to approximately 34 % fully diluted

- **QRSciences Security P/L** – Electronic Security Product Distribution Aust/NZ distribution business for QR & other manufacturers' products



# QRSciences Holdings – Corporate Strategy

- Increase footprint in Homeland Security market – focus on detection, imaging & surveillance products/technologies
- License core intellectual property, sales and OEM sub-systems globally via strategic partners and our own sales channels
- Revenue from licensing and royalty arrangements
- Leverage R&D spend with governments & commercial partners to create new product pipeline

# QRSciences Holdings – Target Markets

## Focus on billion \$ markets in security incl:

- Baggage Screening
- Personnel Screening
- Cargo Screening
- Surveillance & Monitoring

## Markets growing rapidly, driven by:

- Pressing need for next generation technical solutions for domestic and military
- Aggressive Government and regulatory impetus

## Leading Markets:

- United States
- UK and Europe
- Asia



# Spectrum SDI Acquisition



## 27.6% in Spectrum San Diego Inc

- \$2.6m (50% cash/50% stock) completed June 2007
- Recent action – Convertible Preferred for \$800k for 34 % fully diluted holding

## Investment rationale

- Common US Govt relationships (R&D funding) & customers – new business opportunities
- Synergies from shared facilities and combined marketing
- Opportunity to develop integrated devices
- Existing revenues (SentryScope)
- Strong revenue/earnings potential re new product pipeline (CastScope, WeaponScan, CarScan)



# QRS/Spectrum: Current Products



## QRSciences Holdings Proprietary Products:

- QRS T303: - Proprietary Explosives/Narcotic Detection
- WeaponsDetect: - Contract in place with Australian Customs
- CastScope: - US Contract in place with TSA
- SentryScope: - 20 Megapixel Camera
- ShoeScanner: - License Agreement with GE Security
- QXR1000: - In conjunction with Rapiscan Systems

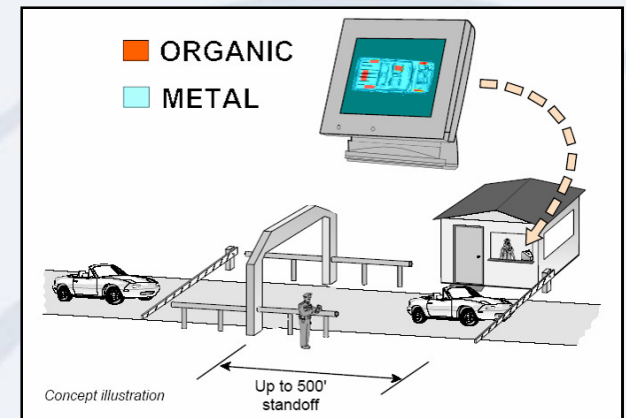


# R&D pipeline: Spectrum CarScan



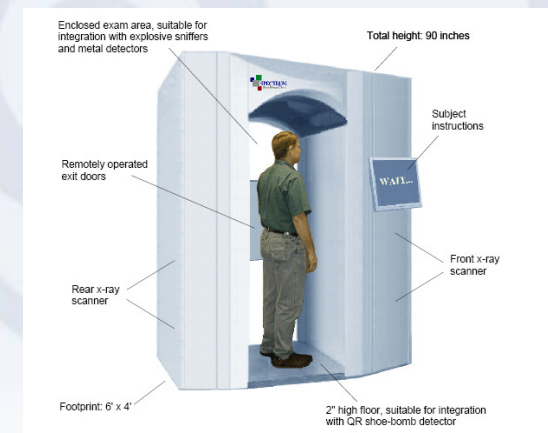
## CarScan – automated vehicle screening

- For explosives, hidden persons, drugs & other contraband
- Drive-thru
- \$2m US govt funding



## WeaponsScan™

- Target market – US traveler & general aviation/screening
- Complements X-ray & Trace Technology





## Business

- Distribution of high quality CCTV & security screening products with best in class service
- Full range supplier – cameras, video switching, recording, network video X-ray, metal detection and peripherals
- 28 employees – mostly sales and tech support
- Warehouses/offices in NSW, Victoria, QLD & WA
- Distribution in SA/NT and NZ

## Rapidly expanding

- QRSciences Security P/L trading as established in Port Melbourne in April 2005
- Fastest growing business in Aust electronic security industry
- Revenue of \$12m in 2007 , \$17m in 2008, forecast \$19m in 2009

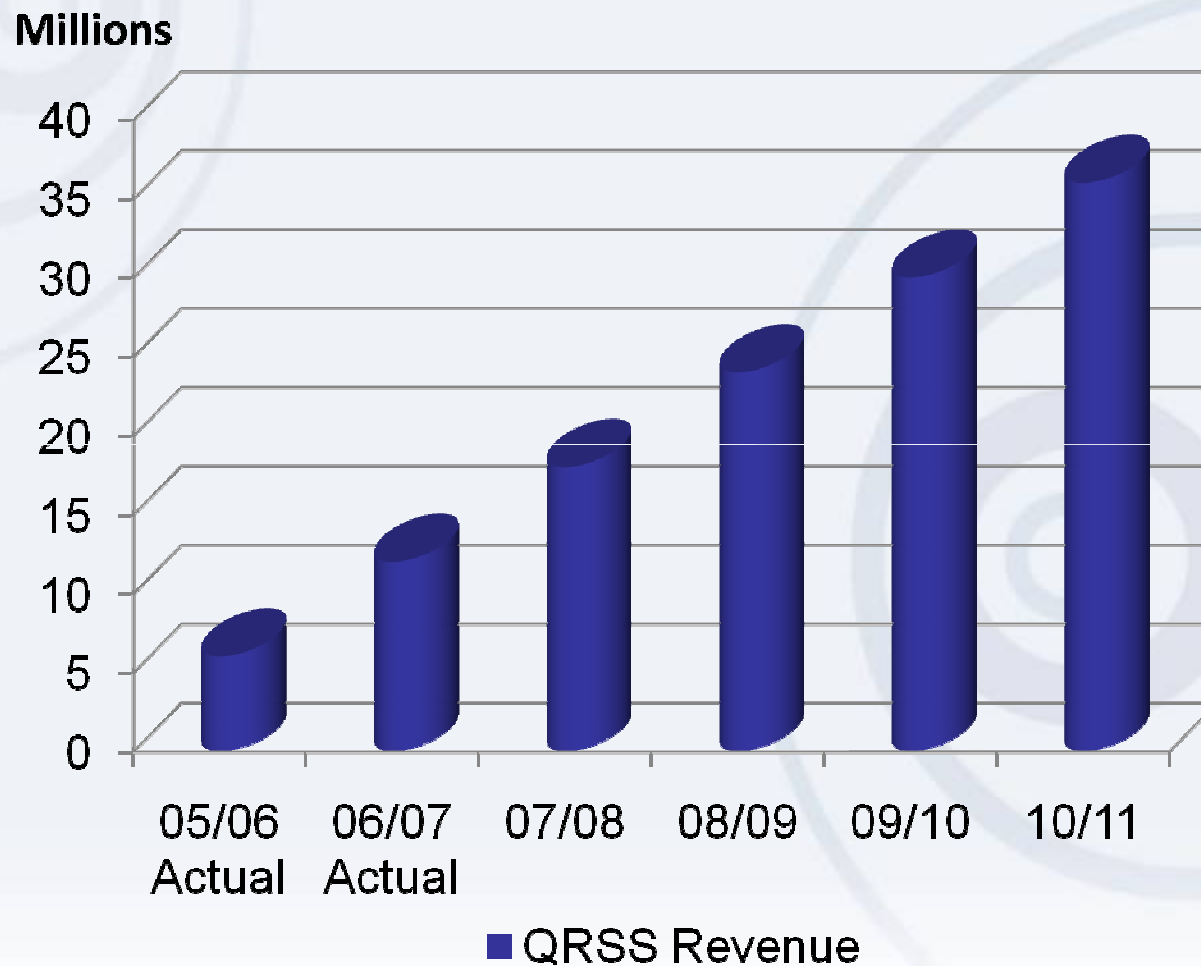
## Financial objectives

- Achieve revenue of \$36m pa in 3 years
- Achieve EBIT of approximately 10%
- Anticipated EPS of 3 cents per share by 2011

## Strategy

- Maintain long term strategic partnerships with industry-leading brands
- Position QVS OEM to achieve strong brand recognition and subsequent IP
- Expand business units to provide revenue in transmission, alarm and detection (X-Ray) markets

# QRSciences Security: Revenue



# QRSciences Security: Products



## Core products

- **Closed Circuit Television Cameras** – Distributor for several leading international camera manufacturers
- **Electronic Surveillance Systems** – Range includes multiplexers, receivers, digital recorders, switchers and telemetry control
- **Networked Security Systems** – Largest market growth area



## Industry leading brands

- **Leading International Brands** – Distribution agreements with leading CCTV names such as Pelco, Verint, Samsung & Sanyo
- **Q Video Systems 'OEM' Range** – QVS rapidly becoming established as a major domestic and international brand



## Q Video systems customers

- **Established Client Base** – Large list of national and multi-national
- **Blue chip customer base** – Major contracts with clients such as Woolworths, Westfield, GPT, Lend Lease

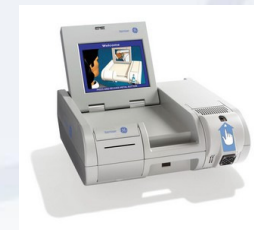


# Q Detection Systems



## Security Screening Products Distribution

- Full range X-ray & metal detection systems from leading US manufacturer Astrophysics & Garrett
- Business Launched 1 May 2008
- Spectrum San Diego products to be launched Q3 2008 including Castscope & ShoeScanner. Major local opportunities with Castscope™ – major rollout across US by TSA commencing 2008



# QRSciences Holdings – Directors

**Mr Kevin Russeth**  
Managing Director

- Extensive experience in securities industry, mainly with global investment banks. Was a VP of Salomon Smith Barney in Perth. Worked with Lehman Brothers and Merrill Lynch, began his career with Electronic Data Systems (EDS) in Dallas specialising in systems engineering and software development.

**Rick Stokes**  
CEO/Executive Chairman

- Appointed CEO of QRSciences Jan 2007. Been in the security industry for 23 years where he has successfully developed and operated numerous contracting and distribution businesses.

**Mr Bob Halverson OBE** ·  
Non-exec director

- Served with RAAF from 1956-1981, on the defense staff of the Australian Embassy, Washington from 1966 to 1969 and with the RAF from 1975 to 1978 for which he was honored with an OBE. Member of the Australian Parliament 1984-1998 and Chief Opposition Whip 1994-1996. Former Speaker of the House of Representatives until 1998. Australian Ambassador to Ireland and the Holy See from 1999 until 2003.



# QRSciences Holdings - Milestones for 2008

## Milestones

- TSA roll-out of CastScope product – via Spectrum
- Continue growing revenues
- Build Familiarity in US capital markets through PR & investor relations
- Investigate further acquisition opportunities

# QRSciences: Contact Details

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