

## **ASX AND MEDIA RELEASE**

15 July 2009

### **Quarterly Update: QRSciences announces strong quarter**

QRSciences (ASX:QRS) (QRSNY:PK) today announced a strong quarter for the QRSciences Security business (QRSS), with sales of \$ 5.061 Million, sales for the full year finished at \$ 17.78 Million up 6% on last year's sales of \$ 16.729 Million.

The Company had positive cash flow for the quarter of \$ 2.036 Million which included repayment of a convertible note from Spectrum San Diego (Spectrum) and the proceeds from the recent rights issue. Shareholder response to the issue was excellent. The Company is positively placed to enjoy any increase in economic activity and looks forward to the future with confidence.

The QRSS business continues to make significant progress. Middle management positions have been reduced. Steps to streamline the business and enhance management capabilities and responsibilities will result in a more accountable and responsive team effort which will lead, ultimately, to the enhancement of shareholder value.

The QRSciences Pty Ltd (QRSPL) Perth based technology business is under review. The Board has made a decision to either divest this business unit or, alternatively, reconfigure to ensure its future viability.

The Company's technology investment in Spectrum continues to gather momentum with the recent successful launch of the "Car Scan" product.

The Board is confident that the Company's strategy will continue to deliver shareholder value and continues to rationalise and streamline its business units.

#### **Update on Proprietary Technologies and Products:**

- QRSciences Pty Ltd continues to work on the \$ 840K contract from the National Security Science and Technology (NSST) Unit branch of the Department of Prime Minister and Cabinet for the development of next generation screening solutions and the AMDS contract valued at \$ 1.06 Million.
- Spectrum, unveils the CarSCAN™ product at the Force Protection Equipment Demonstration VII (FPED VII) from May 19-21, 2009 at the Stafford County Regional Airport, Stafford, Virginia..
- The QRSciences Pty Ltd now under operational and strategic business review.

#### **Update on the Sales and Distribution Business:**

- The QRSS which comprises the Q Video Systems sales and distribution unit continues to grow and had a positive cash flow for the quarter of \$ 573K, sales for the quarter were \$ 5.061 Million and full year sales were up 6% on last year.
- The QRSS made two middle management positions redundant at 30 June 2009, the savings for this initiative along with other cuts in other business units, in particular the US Office will result in costs savings of around \$ 600K over the next year.
- The QRSS business units continue to invest for growth, to increase profit and the business is again operating profitably with a strengthened balance sheet.

The Board and Senior Management of QRSciences continue to believe that the Company's assets are significantly undervalued by the market, and are continuing to work diligently to unlock that value for shareholders.

### **About QRSciences**

QRSciences Holdings Limited is based in Melbourne, Victoria with offices in Perth, Western Australia and San Diego, California. Its wholly owned distribution business Q Video Systems is based in Port Melbourne, Australia. The primary commercial focus of the company is the design, development and sale of advanced technology systems, sub-systems, components and software for security related applications. Applications for its technologies and products include the detection of explosives and narcotics, metal detection and imaging, surveillance and monitoring.

For more information on the Company please visit [www.QRSciences.com](http://www.QRSciences.com) or [www.qcctv.com.au](http://www.qcctv.com.au), phone +61 3 9681 9854 in Australia or +1 (858) 613 8755 in the United States.

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