

QRSciences Holdings Limited AGM Presentation

25 November 2009



QRSciences Holdings – Overview

Company

Headquarters in Melbourne – offices around Australia

- Founded 1997
- 44 employees
- Distribution, design, develop, market and sell security products/ solutions primarily in the Australian market



QRSciences Holdings – 2009 Highlights

Highlights

- Maiden Profit for group of \$ 673,021 achieved in FY09
- All business units restructured in line with economic cycle
- Successful Capital Raising completed with Helmsman Funds Management
- Strengthening of Board with Douglas Potter from Helmsman joining the Board

QRSciences Holdings – Business Units

- **QRSciences P/L** – Quadrupole Resonance and Weapons Detection Technologies, based in Perth. West Australia, the Board has announced plans to potentially exit this business in the current period, due to limited possibilities of a commercial outcome in the short term, without significant investment of money, time and resources and the Board is reluctant to invest any further shareholder funds in this business
- **Spectrum SDI** (24.2%-owned, 20.8% fully diluted) – X-ray & imaging technologies, based in San Diego
- **QRSciences Security P/L** – Electronic Security Product Distribution with Offices throughout Australia.

QRSciences Holdings – Corporate Strategy

- Create an exit path for our non revenue producing investments
- Expand our dynamic Australian Distribution business comprising of Q Video Systems, Q Alarm Supplies and Q Detection Systems
- Create shareholder value by increasing profits and eliminating costs across the Company
- Identify and close transactions that will increase the scope of the Company and deliver shareholder wealth over the long term

QRSciences Holdings – Target Markets

Focus on the Australian Security Market:

- Closed Circuit Television market
- Access Control and Alarm market
- People and Cargo Screening market

Targeted Segments of the market are:

- Government funded Security rollouts, including Education and Health sectors
- Retail markets
- Commercial and Residential high rise developments
- Government and Corporate clients

Geographical Expansion:

- The continued expansion in the Perth market for the Q Video Systems business
- Opening of a sales location in Adelaide and ACT under planning for this year

24.2%, (20.8% fully diluted) in Spectrum San Diego Inc

- The newly developed Car Scan product is close to being released
- The Board has flagged the likely realisation of this investment this year

Investment and exit of Investment rationale

- Common US Govt relationships (R&D funding) & customers – new business opportunities along with synergies for shared offices drove the investment rationale
- Opportunity to develop integrated devices with QR technology
- The investment is now seen as non core due to closure of QRS US based Office and QRS concentrating on the Australian Security market

Business

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

Rapidly expanding

- The business is now recognized as one of the market leaders in the Australia CCTV market
- Firmly established in 4 States and looking to expand to SA and ACT this year
- Revenue of \$17.78m in 2009, forecast 15% growth in 2010

Financial objectives

- Achieve revenue of \$36m pa in 3 years
- Achieve EBIT of approximately 10%

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: CCTV 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 based on QVS's market assessment



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



QRSciences Security: Alarm Products



Core products

- **Intruder Alarm Panels** – Distributor for DSC, a leading international Alarm Products manufacturer - a market leader in Wireless Systems
- **Access Control Systems** – Full range includes Panels, Readers, Biometrics and Accessories
- **Security Accessories and Peripherals** – Profitable 'add on' sales by creation of 'one stop shop'



Industry leading brands

- **Leading International Brands** – Distribution agreements with leading manufacturers such as Tyco (DSC and Ccure), Samsung & GE
- **Q Alarm Supplies 'OEM' Peripheral Range** – QAS to be established as a major OEM brand for alarm accessories and peripherals



Q Alarm Supplies customers

- **Leverage Q Video Client Base** – Large existing CCTV customer base, many currently use Intruder Alarm products
- **New Q Alarm Supplies Customers** – There are many legacy DSC clients new to Q Alarm Supplies who will also add value to Q Video Business

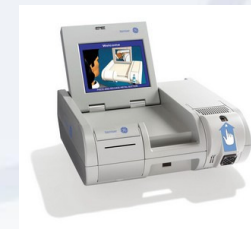


QRSciences Security: Detection



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 also represented, including Castscope & ShoeScanner. Major local opportunities with Castscope™



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.

Mr Douglas Potter
Director

Managing Director of Helmsman Funds Management Limited, Douglas holds a Bachelor of Economics from the University of Sydney and is currently a Director of several Helmsman portfolio companies. With over 19 years hands on experience he is a member of the Institute of Chartered Accountants in Australia and the Australian Private Equity & Venture Capital Association.



QRSciences Holdings - Milestones for 2008

Milestones

- Maiden net profit achieved in 2009
- Continue growing revenues
- Slowdown in cash burn in R&D business
- Successful Capital Raising completed in difficult market conditions
- Investigate further acquisition opportunities

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