



Holdings Limited

**ASX ANNOUNCEMENT**

30 November 2010

Manager Companies  
Company Announcements Office  
Australian Stock Exchange Limited

*Via electronic lodgement*

Dear Sir/Madam

**Chairman's address**

Yours faithfully

Jamie Taylor  
Company Secretary

## **CHAIRMAN'S ADDRESS**

As your Chairman I would like to welcome you here today to the QR Sciences Holdings Limited 2010 Annual General Meeting.

The 2010 financial year has been a big year for the Company. The Company has used the last year to reinvent itself and ensure that we are focused on growth and creating opportunities from which our staff and our shareholders can benefit.

During the course of 2010, the Board successfully delivered on its strategy of exiting all non revenue producing assets. As a result of the successful sale of these assets in the USA and Australia, the Company's cash reserves have been boosted to in excess of \$ 6.5m.

Some of the key restructuring achievements for the year were as follows;

- Sale of our shares in Spectrum San Diego at a profit of \$ 3.34m with further funds expected to be received from both a holdback payment of US\$ 515,000 expected to be paid in April 2011 and a payment under an earn out which is tied to the success of the Car Scan product over the next 6 years
- Sale of the QRSciences' Perth R&D assets to Rapiscan, a US based company for US\$ 150,000
- Closure of the remaining Perth R&D business to eliminate the cash burn experienced for many years
- Sale of shares in DVOP, the listed US based company owned by QRSciences for US\$ 215,000
- Sale of the shares in Tek84 LLC, for \$ US 246,000. Tek84 held the residual assets of Spectrum San Diego following the demerger of Spectrum.

We have also continued to grow the Q Video Systems business over the last 12 months.

As a result of all the hard work of the Board and management of the Company, the Company has delivered a profit in FY 2010 of \$ 4.6m and increased revenues.

To achieve all that the Company has in this period is outstanding and my personal thanks go to all our staff who contributed to this effort. We now have a Company that is focused on delivering growth in revenue and profit in the future both of which will hopefully translate to rewards for shareholders in the next few years.

With the restructure of the Company's assets finalised, the Company embarked on identifying suitable acquisitions that would help grow the Company's revenue and profit long term. As a result of this process, the Company acquired the API security locksmith business in September 2010 and will endeavour to find other suitable businesses to further grow the Company in the future.

The API business is Australia's leading commercial locksmith business and had revenues of \$22m with a profit before tax of \$3m in 2010.

The Company expects revenue for the Group in FY 2011 to be in the vicinity of \$ 40m, with growing operational profits being delivered in this period.

Like the QRSciences business of old, the API business is not without issues. However, your Board is confident that with new management and a committed owner the API business will be able to grow and deliver beyond our expectations in the future.

You are also being asked today to vote to change the name of the Company to Q Technology Group Limited. The Board considers this will signal the launch of a new identity and a new vision for the Company that will assist with the transition into a focused Company that will grow in the future, a Company that will deliver on the promise made many years ago, a Company that will be profitable and deliver returns to shareholders.

As your Chairman and CEO I am proud to have the opportunity to be part of this relaunch and will work with your Board and management team to deliver the results that our shareholders expect and deserve.

I thank you for your patience in what has been a difficult, but very exciting phase for the Company, I am determined to deliver on the Board's commitments and look forward to the next year ahead.

The Board would like to thank you for your ongoing support in 2010, and we look forward to sharing with you the further progress anticipated in 2011.

Rick Stokes

**Chairman**