

CHAIRMANS ADDRESS

As your Chairman I would like to welcome you here today to the QR Sciences Holdings Limited 2009 Annual General Meeting.

The business world has certainly changed over the last year with the Global Financial Crisis touching many companies and individuals and refocusing many management teams on the core values of their business.

QRSciences continued focus is the value of our customers and people, and through this, creating value for shareholders.

QRSciences had a groundbreaking year with the Group reporting its maiden operating profit of \$ 673,021. This profit was driven from improved operating conditions for our Distribution business in Australia and the unwinding of some liabilities on our balance sheet relating to the Groups Perth based R&D business. The Group's net assets increased by 73% to \$ 7.99 million and revenues continued to hold up despite the difficult trading conditions experienced throughout the year.

The devastating speed of the decline in value of the Australian dollar that occurred in the second quarter of the year had a significant effect on the Company's operations and I am proud that our staff, suppliers and customers all worked together to ensure QRSciences was able to navigate through these very tough times.

The result for the Company, and in particular the QRSciences Security Distribution business, is that we now have a much stronger business that has very strong and stable management and procedures in place to ensure long term success in the Australian security market. The Distribution business has started this financial year very well and is currently ahead of budgeted profit expectations, a result which is very pleasing for the Board.

During the previous year, the Company embarked on several critical paths that will ultimately increase shareholder value. The continuation of these paths remains the key focus for the Board.

Our US based Office is now closed and we have flagged our intention to exit both the QRSciences R&D business based in Perth and the DVOP listed investment that was purchased in 2008. Although it has developed some groundbreaking technology over the years, the Board believes that the R&D business does not have strong prospects of delivering a commercial outcome. Furthermore, the Board has taken a view that a commercial result is not conceivable without a significant investment of additional time, money and resources and accordingly, is reluctant to invest any further shareholder funds

We are now focused on certainty with our business decisions and ensuring we grow revenue, profits and net assets. This is where shareholder value will be driven in the future.



DVOP, our US based listed shell, will also be sold when we receive a suitable offer to exit the investment. The sale is to allow the Company to focus primarily on its Australian Distribution business and other businesses which have the potential to grow our revenues and profits in the future.

There are several opportunities that the Board is reviewing that will be complementary to its Australian Distribution business. It is hoped that these opportunities will add significant value to the Company this year.

In relation to our investment in Spectrum San Diego, we have been very happy with the progress of the Spectrum business and the particularly the Car Scan product. However, given our focus on the core activities of the Company in Australia, we have been exploring options in relation to our investment in Spectrum San Diego and hope to be in a position to make an announcement on our future plans for that investment in the near future.

Finally I would like to comment on the recent capital raising the Company embarked on and the successful completion of the Rights Issue and Placement of QRSciences' ordinary shares to Helmsman Funds Management. The appointment of Douglas Potter, who represents Helmsman, to the QRSciences Board delivers a wealth of knowledge that will be invaluable to the Board in the future.

The Board is of the view that the investment of Helmsman in QRSciences was critical to enable the Company to be able to refocus and to drive shareholder value. We have seen our share price rise from the lows of 2.1 cents to around 7 cents since the completion of the capital raising. The Board feels that the investment community is beginning to understand what we are putting in place at QRSciences and the Board is confident that the patience that our shareholders, management and staff have shown in our Company will be rewarded in time.

The Company is expecting further strong revenue growth for the Group in 2010 and further growth in shareholder value.

The Board of QRSciences would like to thank you for your ongoing support in 2009, and we look forward to sharing with you the further progress anticipated in 2010.

Rick Stokes

Chief Executive Officer