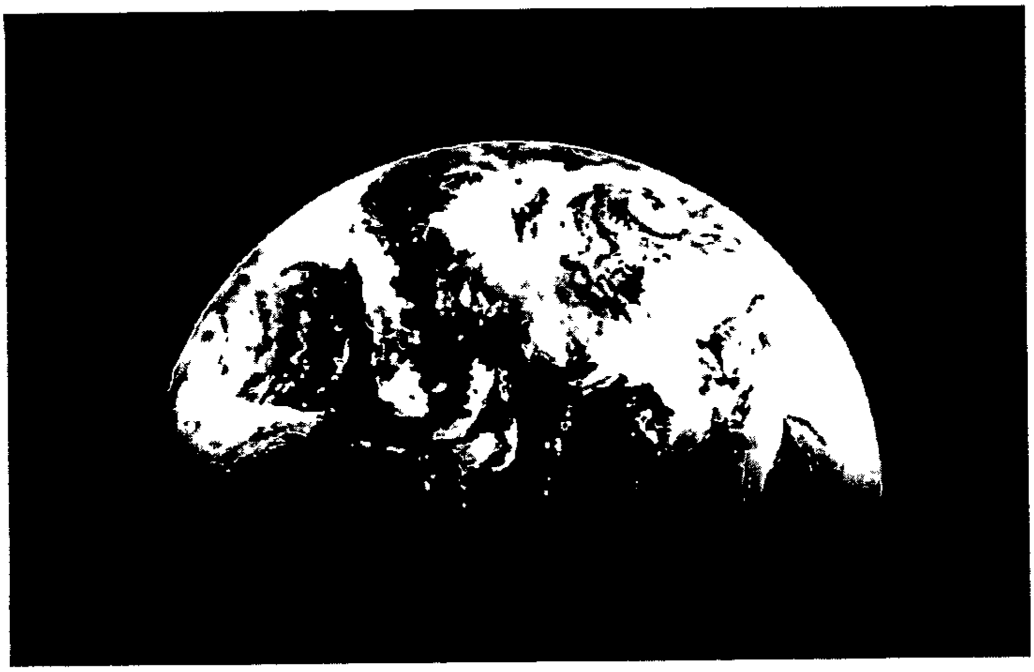

Quadrise Fuels International plc

Company Registration No. 05267512

Annual Report and Consolidated Financial Statements

For the year ended 30 June 2011

Chairman's Statement and Business Review

I am pleased to present this Annual Report for Quadrise Fuels International plc ("Quadrise", "Company", "Group", "QFI") for the year ended 30 June 2011

Business Overview

Excellent progress has been achieved in our programmes during this period, notably in the Marine Fuels sector These advances were also complemented in Canada with the important achievements of our associate companies in the development and trial application of new technologies.

Quadrise is targeting the large existing global fuel oil market, some 600 million tonnes, of which the marine market makes up approximately one third The combination of defined markets and proven benefits assures the opportunity to add value The Quadrise MSAR® technology can thus be viewed as a "game changer", by increasing the refinery yield of high value distillate fuels and – at the same time – offering consumers a lower priced substitute for fuel oil.

In the oil-based economies of Mexico and Saudi Arabia, there are national imperatives to reduce distillate fuels imports and improve domestic oil refinery production of higher value products relative to lower value fuel oil In both cases these imports and exports take place on a very large scale MSAR® has the potential to meet both these imperatives by increasing local refinery yields of high value product and eliminating the distillate content in exported fuel oil Quadrise also adds value for our venture partners by identifying and securing buyers for MSAR® fuels in the power and marine sectors

If MSAR® emulsion fuel replaces even a modest percentage of these oil movements, there is a significant business opportunity for the Company and our partners Considering the inter-product price spreads of circa US$300 per tonne between gas oil (diesel) and fuel oil that have become the norm, the value-add equates to many million dollars on the volume base involved

The Company is not dependent on growth to create a market for our products In this sense Quadrise is shielded from current global economic pressures. Indeed, in our selected programmes the advantages offered by MSAR® fuels play to the unrelenting pressures currently affecting the fuel consuming and oil processing industries to lower their costs and stretch or supplement margins.

Consensus among informed forecasters predicts a continuing and widening differential in global demand for diesel fuel and fuel oil Diesel demand will be driven by the developing economies, while fuel oil markets will decline due to fuel substitution However the important exception is the marine bunker market which is expected to show modest growth

These factors presage a future scenario which supports continued high inter-product value spreads where Quadrise will be exceptionally well positioned

Due care has been taken to preserve competitive advantage and commercial benefits for Quadrise and the associate companies responsible for leading these developments, given their potential to replace long established business practice and add tremendous value

The revised Group corporate structure implemented in 2010, together with continued discipline in our "select and focus" policy, has served to stabilise and contain costs without impairing key programmes Aside from these priority projects, the Company has identified specific qualifying opportunities in other geographic areas While these represent potential for substantial future expansion, active business development has been deferred to conserve resources to progress our current programmes to fully commercial operations In this regard, the Company policy of requiring client contributions to development and demonstrations has been accepted for all current programmes and provides both assurance of serious intent and reduced pressure on Company funds.

Corporate Structure and Financial

The restructuring to segregate "directly managed" and non-managed" interests was completed during 2010 This has improved focus and aligned interests between the Company and management within the Group The opportunity was also used to ensure effective equity participation for key senior executives in the "managed" portfolio and to link compensation directly to associated company financial performance

QFI undertook two equity funding programmes during the financial year to 30 June 2011 raising a net £4 45 million The principal funding was a combined placing and open offer to raise £3 0 million which closed late March and was oversubscribed This was the first time that QFI has formally approached the institutional market, albeit on a selective basis.

The QFI policy has been to limit dilution by only raising sufficient funds to take the Company through to its projected early revenue phase, by which time the de-risked enterprise value is expected to increase substantially Once in revenue, improved terms should be possible for further equity funds then considered necessary to accelerate development or change the mode of business. For example, this might be progressing from principally licensed operations to selective toll processing contracts in which Quadrise would own and operate the manufacturing plant.

Spending levels were reduced and pre-revenue development costs contained through a combination of re-structuring, changes to compensation policy and client contributions to project development programmes International Energy Group AG, the largest shareholder continued to assist the Company by waiving certain fees and charges through the period This assistance, which has extended longer than originally anticipated, will not continue beyond year end 2011 as the Company is adequately funded to meet its obligations.

The recovery in the QFI share price through late 2010 to the time of reporting has been encouraging. While the market rating still falls well short of the value suggested by informed financial analysts, conditions have been challenging and the market remains risk averse. Caution on the part of investors is understandable but the Company has increased the level of investor relations and market communication activity. This has the objective of creating a better level of understanding of our objectives and the future potential of our exciting "game changing" business.

The loss of £8.4 million over the year was in line with expectations but affected by the decision to revise the value of certain of our non-managed interests due to changes in their prime activities and prospects. The Company remains debt free and is currently funded to deliver the planned pre-commercial programmes through to the early revenues anticipated late 2012

In the "non-managed" portfolio a further restructuring was undertaken by Quadrise Canada Corporation ("Quadrise Canada" or "QCC") early in 2011. This involved the merger of Sparky Energy Corporation ("Sparky") with Optimal Resources Inc. ("Optimal"). The two companies were previously partners in a joint venture in which Sparky contributed Enhanced Oil Recovery (EOR) technology licensed from Quadrise Canada, and Optimal contributed oil field assets in Lloydminster plus field operating facilities and expertise. The boards of the respective companies agreed that a merged entity would be better placed to take the business forward and the companies were combined on 1 January 2011 to form Optimal Resources Inc. ("ORI"). On merger, QFI remained the largest single shareholder with some 9.45% of the equity. This share of equity is expected to be diluted when ORI raises further funds to progress to full commercial operations. There are currently no plans or funds allocated for further equity investments in the non-managed Canadian associate companies.

Directly Managed Interests

These interests are owned and managed by Quadrise International Limited ("QIL"), a 100% owned subsidiary of QFI and the entity contracted to AkzoNobel Surface Chemistry AB ("AkzoNobel") under a long standing Alliance Agreement

Subsidiaries of QIL have been formed for the individual project programmes – for example Quadrise Marine (Mærsk project) and Quadrise KSA (Saudi project). It is possible that these companies will form associations with local partners where appropriate to progress the respective programmes. Whilst negotiations with client companies are in progress, commercial agreements have yet to be formalised with some of these local associates

It is of note however that QIL is developing projects with very large national and independent oil companies, as well as A.P Møller-Mærsk ("Mærsk"), the largest container ship operator in the world. In all cases, programmes involve changing long established practises in major industries through application of our "game changing" MSAR® technology. On reflection, we should not be surprised that it has taken several years to reach this stage of advanced pre-commercial development. We are very fortunate to be progressing these programmes with some of the largest companies in their respective industries, who have the will, vision and commitment to change these established practices for sound business reasons. The incentive for all is, of course, to realise the substantial financial benefits associated with displacing fuel oil with MSAR® without impacting security of supply and operations. In the marine project, the Company has also benefitted from considerable publicity in the specialised industry trade press on the environmental challenges ahead, where Marine MSAR® can make a considerable contribution

Marine MSAR®

The international marine bunker fuel oil market is currently around 200 million tonnes per annum. This is a very large scale, long term, bulk fuels business serving an industry that is facing a range of pressures from intense competition in freight rates to challenging progressive emissions standards. To compete effectively vessel owners need to drive utilisation up and drive costs down. In the context of fuels and emissions, a key objective is "most affordable compliance"

The Company identified an opportunity for development of a Quadrise Marine MSAR® fuel formulation which could offer significant advantages as a substitute for bunker fuel oil by addressing both cost and emissions issues. A Joint Development Agreement (JDA) was concluded with Mærsk early in 2010. Mærsk is an industry leader in marine innovations

The JDA sets out a programme for the development of a suitable Marine MSAR® fuel formulation combining the capabilities and expertise of the Quadrise team with those of our alliance partner, AkzoNobel, and with specialists from the Mærsk organisation. Other parties necessarily involved in various stages of the programme have included oil refining companies and the major marine engine manufacturers. The programme has included formulation, processing and testing activities involving a number of leading oil refiners, marine engine test facilities, research and development laboratories, and industry stakeholders across several countries.

The marine fuels performance specifications have set the most exacting application standards for Marine MSAR® fuel such that it is directly interchangeable with conventional fuel oil and distillates. This has represented a major technical challenge to the combined talents of the programme team. It is to their credit that an intense period of development which drew heavily on the specialised knowhow and capabilities of AkzoNobel, has produced novel Marine MSAR® formulations. Previous performance standards have been step-changed and all key requirements have been met in a series of land based engine trials. To have progressed to this stage over 18 months is quite remarkable

As QFI announced on 27 September 2011, the programme has progressed to "seaborne trials" for which associated contracts have been closed covering the manufacture of the Marine MSAR® fuel and the obligations and responsibilities of all parties involved in the production and supply chain. The AB Orlen Lietuva ("Orlen") refinery at Mažeikiai owned by the Polish conglomerate PKN Orlen will host the AkzoNobel MSAR® Manufacturing Unit ("MMU") to produce the initial trial quantity for seaborne evaluation on the Soro Mærsk, the results of which are expected during the first half of 2012. The forward plan, beyond a successful seaborne trial anticipates progressive "interim" commercial quantities of Marine MSAR® will be produced during 2012 to allow the wider evaluation of performance across a representative range of vessels Beyond this, commercial supply of Marine MSAR® could extend to the Maersk-operated fleet (which totals over 700 vessels) as well as third parties. On 1 August 2011, the Company announced the purchase from AkzoNobel of a new 1,000 ton per day MSAR® unit that could service the interim 2012 demand as well as commercial MSAR® demonstrations planned elsewhere

To better appreciate the scope and prospects for Quadrise Marine MSAR®, the following developments and marine market features are relevant

- The pressure on exhaust emission of SO_2 has evoked a complex debate on fuel switching implications, the limits to oil refining supply of lighter ultra-low sulphur fuels or natural gas supply infrastructure for LNG, and the role of "on board" marine exhaust scrubbers. Current indications are that the combination of fuel oil and scrubbing will be the most affordable solution given the price spread (circa US$300 per ton) between bunker fuel oil and distillate alternatives As a lower cost substitute for bunker fuel oil, the combination of Marine MSAR® and on board scrubbing looks to offer the "most affordable compliance" option in this context.

- The international bunker fuels market is concentrated in a small number of "bunkering hubs" (such as Rotterdam and Singapore) which are also refining centres. A modest share of this large market would represent substantial business for Quadrise but requires relatively few fuel supply bases. The Marine MSAR® team have been in discussions with a number of major oil refining companies regarding possible supply collaboration during the next phase of commercial Marine MSAR® supply The oil refining industry in these regions continues to be a challenging low margin business (as evidenced by the number of recent oil refinery sales or closures), and a low-capex means of improving profitability or indeed survival could be a compelling feature of MSAR® technology implementation going forward

- "Black Soot" from engine exhaust emissions, particularly in the shipping industry, has recently been identified as a major contributor to global warming and related climate change Studies indicate that the impact is second only to CO_2 and much greater than methane Unlike heavy fuel oils, MSAR® fuels offer virtually complete carbon burn-out because the oil residue content is milled to 'superfine' particle sizes of typically 5 microns. There is negligible unburned carbon or "Black Soot" particulate emissions from MSAR® fuels combustion

The Company has confidence that the combination of lower costs, improved profitability, affordable compliance and elimination of "Black Soot" could make Marine MSAR® the fuel of choice for candidate oil refineries and a large number of ship operators in the near future Quadrise would truly be the "game changer" and success in the marine market, alone, would put the Company on a strong sustainable growth path

Saudi Arabia and Mexico – High Growth Oil Based Markets

A decision was taken in 2008 to 'select and focus' on these two priority markets. This in the knowledge that with no established access and prior relationships, QFI was likely to take some time to earn credibility as a company, and for the merits of our MSAR® technology to be recognised. Although this has taken a number of years, this credibility has now been earned and the business prospects are better defined. The board and management remain convinced that the correct path was chosen

The two markets have common features which are relevant to our business

- Oil based economies continue to use large volumes of heavy fuel oil for thermal power generation and other applications such as desalination and cement manufacturing

- Large scale oil production and domestic refining sectors with world class plants of which several have process configurations well suited to MSAR® technology application.

- Imbalances between domestic distillate demand and local production requiring large-scale diesel imports – and high volume surplus heavy fuel oil exports These offer major financial incentives to change current practice overlaid with national interest implications

- National oil companies have a scale of operations and resources beyond those of the multi-national oil majors, but where policy is generally driven by and aligned with national interest

In both Mexico and Saudi Arabia the Quadrise team has worked with local associates to reach the stage where detailed programmes have been defined, agreed and documented with the client / partner organisations concerned Both Mexico and Saudi Arabia are expected to clear final technical and legal review and proceed to execution by authorised senior management before the end of 2011

Mexico - PEMEX

The programme now documented will involve installing a pilot plant in a selected PEMEX refinery for the production of MSAR® fuel This will be tested in refinery and other applications as part of the pre-commercial phase Completion of the pilot is targeted for mid-2012 and, on success, the commercial development programme will be finalised and confirmed The installation of the first commercial facility in Mexico will follow The commercial plant operation will mark the start of the 'revenue phase' for Quadrise in Mexico

The Company expects also to finalise local partner arrangements for the Mexican business programme during 2012

Saudi Arabia (KSA)

The Company has identified a range of opportunities in the Saudi refinery portfolio, and the stage now reached and the go-forward programme are very similar to Mexico Associated contracts are expected to be executed before the end of 2011 The earlier anticipated lead time for the Saudi project has extended as a result of increased scope for potential applications within KSA, independent technical review and verification of the economic evaluations by client specialists from a number of departments These detailed exercises have, however, raised the level of awareness and confidence, strengthening the credibility of Quadrise representations.

An interesting feature of the KSA economy is that the monetary benefit of reducing diesel/distillate imports is considerably higher on a US dollar per tonne basis than would apply in western markets. This is because import costs reflect world market prices, while oil product prices (for petrol, diesel etc) in the domestic market are among the lowest in the world As a result the aggregate cost of subsidising the price differential runs to billions of dollars per annum Applying Quadrise MSAR® technology to divert distillates from use in fuel oil to domestic market distillate fuel consumption has a very high value to KSA at a national level For this reason the country is a prime focus for Quadrise business development in the refining sector, especially given its high oil products demand growth and active refining capacity expansion plans.

Asia /Singapore

QIL has been working with PowerSeraya management for the term supply of Quadrise MSAR® fuel to their thermal power generation plant in Jurong.

The memorandum of understanding ("MOU") for this joint investigation programme (undertaken at their cost) has recently been extended A number of candidate source refineries have been approached and assessed but no firm programme has yet been committed The publicity associated with the marine fuels programme has stimulated the interest of oil refiners within the SE Asia and the Middle East regions.

Board and Management

The Company has continued to benefit from the services and dedicated efforts of our two key specialists, Jason Miles and Dr Simon Craige They are supported by specialist consultants whose services are secured on a retainer plus consultancy time basis to ensure their availability on reasonable notice when required Dr Craige was appointed to the board of QIL as Technical Director shortly after the restructuring. Jason Miles continues to serve on both the QIT and QIL boards.

Since last reporting, the QFI board has been strengthened by the appointment of Mr Dilip Shah whose considerable experience across a range of international business interests has added useful perspectives in board deliberations.

I would like to record particular appreciation for the continued services of our non-executive directors Mr Laurie Mutch and Dr Ian Duckels who continued to chair, respectively, the Audit and Compensation committees. Their contributions during this challenging period extended well beyond the "normal course of duty" Their hard work in support of the Company is sincerely appreciated

Business Associates and Partners

Quadrise is very appreciative of the importance of our Alliance Agreement and associated relationship with AkzoNobel. Their contribution has been vital to the major technical advances made over the review period, especially in the complex area of Marine MSAR® formulations

Of special note is the very cordial, constructive and co-operative nature of our relationship This clearly plays a major part in explaining the unique results we have achieved together, in many cases a level of success previously considered improbable, if not impossible!

We are also very mindful of AkzoNobel's well-deserved reputation for safeguarding intellectual property and for defence of related rights We expect that this will become increasingly important as the Quadrise commercial phase accelerates and our activity levels and profile are raised.

The JDA programme has involved a very close collaboration with Mærsk who we have found to be an exemplary partner in the process. The team from Mærsk, while clear on their own objectives and interests, have consistently shown a constructive appreciation of the challenges posed during the Marine MSAR® development process. Their positive and supportive approach has been very refreshing, and we have come a long way in a short time together

Canadian Developments

Following the restructuring, QFI now directly holds all of the Group interests in the non-managed unlisted Canadian associate companies.

Quadrise Canada Corporation ("Quadrise Canada" or "QCC")

QFI continues to be the largest single shareholder with a 20 4% holding. Quadrise Canada has transformed from its original intended role of manufacturer and supplier of emulsion fuels, into a technology and service company conducting business with associates and third party clients.

Quadrise Canada has invested heavily in specialised Research and Development over an extended period and holds an extensive range of patented intellectual property together with a deep specialised expertise base The principal Quadrise Canada role is now to identify and incubate business opportunities leveraged off its proprietary technologies The intention is to 'spin off' specialised businesses in which its shareholders benefit from pro-rata initial equity participation The most recent example of this has been the creation of Sparky Energy which subsequently became Optimal Resources Inc

Several other proprietary technologies are candidates for a similar development path, but resource limitations and economic cycle considerations have constrained their current development However, the original intended emulsion fuels business, while delayed, has not been abandoned Conditions could change in the longer term that would again support the use of Quadrise MSAR® fuels as an energy source for steam generation in Canadian heavy oil field production operations.

Optimal Resources Inc. ("ORI")

ORI holds an exclusive license for the application of the Quadrise Canada proprietary Enhanced Oil Recovery ("EOR') technology in clastic oil reservoirs. QFI held a 9 6% share of ORI until September 2011 ORI has since undertaken a seed financing programme which will close in November 2011 Although QFI invested CAD$1 million in the Sparky seed financing during 2010 the Company must now conserve funds for its directly managed business programme and will not be participating in the ORI placing. In the event the ORI financing is fully subscribed the QFI holding will be diluted to circa 6.5%

The EOR technology performed very well in laboratory based simulations of oil field production, indicating an ability to step-change oil recovery factors in qualifying clastic heavy oil reservoirs of the type present in the ORI Lloydminster oil field Typically, primary production will only result in approximately 10% recovery of the measured oil in place Indications are that the Quadrise Canada EOR application could increase this to between 20% and 30% There are very large quantities of retained oil in candidate oil reservoirs – including those either currently classified as depleted or where existing production is declining. The potential for application also extends well beyond Canada since qualifying prospects exist in many of the large global 'oil provinces'

The focus of activity in 2011 has been the trial application of the EOR technology in Lloydminster Unfortunately, a combination of setbacks, including unusually severe weather conditions, have limited progress and stretched resources Notwithstanding this, a representative programme of initial application modes has been completed and results to date align and trend very well with the laboratory findings and performance.

The intention is that ORI remains an oil production company, in that it secures and retains ownership of resources and benefits from oil sales revenues Looking forward this could include owned independent production, joint ventures with owners of qualifying oilfield assets, or contractual application service arrangements which assure ORI fees plus an equity share of incremental production

The outlook for ORI is positive Exploratory discussions with potential joint venture partners are encouraging. There is some way to go, however, before independently certified performance of the EOR technology becomes available and the future of ORI can be assured. 2012 will be an important year for ORI and QFI expects to have a much improved view of the potential medium term value of this investment by mid year

In commercial mode' the projected growth of license and service fees payable by ORI becomes very material to the value of our holding in Quadrise Canada.

Porient Fuels Corporation ("PFC")

QFI holds 16 9% of PFC and, as with our initial holding in ORI (via Sparky), the shareholding was allotted through a *pro rata* allocation by Quadrise Canada with no direct funds invested

The intention is for PFC to act as a commercial development vehicle, under license, for one or more of the Quadrise Canada proprietary technologies when such a venture is judged viable The opportunity initially identified, and subject of a development agreement with several major partners, aimed at the production of marine fuel oils using Alberta heavy oil (potentially including the MSAR® emulsion fuels process) The plan was to ship the product from central Alberta to the Canadian west coast market This programme was suspended as the intended viability was negatively affected by an unanticipated and abnormal change in near term inter-product price spreads. Whilst these are forecast to correct, PFC is unlikely to be fully re activated until ORI moves into a fully commercial phase with its own technical resource base This will then relieve the pressures on Quadrise Canada support resources Quadrise Canada should then have the capacity to promote further ventures to commercialise a number of other proprietary technologies for which applications and markets have been identified

Paxton Corporation ("Paxton")

The QFI holding, at 3.8%, is modest and unlikely to fit in the portfolio in the longer term as a passive investment. Nevertheless, developments are positive.

Paxton has become more closely associated with Clean Energy Systems Inc ("CES") in which it now holds some 30%. CES has very promising proprietary combustion and steam generation technology and received a US$30 million development grant from the US Department of Energy ("DOE") in 2010 to progress its zero emissions power generation programme.

Considerable synergies have been identified between CES and the Paxton core business of oilfield steam and CO_2 flooding for enhanced oil recovery with full carbon sequestration.

CES has also entered into agreements with Siemens for the development of scale optimised power generation turbines to couple with the CES generator. CES has sold a license to Mærsk Oil and Gas for use of its 'steam gun' zero emissions technology for application in Middle-East oil fields for the conversion of associated gas to electrical power. Paxton has certain rights associated with the marketing of the CES hardware. In addition, CES has acquired an idle AES Corporation power plant at Placerita, California which will act as 'home' for the high pressure, high temperature turbine development being funded by the DOE grant.

Paxton recently advised shareholders of an MOU with Paramount Resources, a large Canadian oil and gas production company. This is for the deployment of the combined CES steam and gas generator technology in an enhanced oil recovery programme at the Paramount Hoole Grand Rapids Oil Sands Project. Paxton and CES have recently concluded a Heads of Agreement which grants Paxton marketing exclusivity in Canada for the integrated CES generator in a Paxton proprietary process chain for more general application in steam and CO_2 oil production enhancement. A perpetual non-exclusive license for marketing outside of Canada is also included.

Future Outlook

All of our selected projects have now reached an advanced pre-commercial phase. The Marine MSAR® fuel programme is now committed contractually to proceed with interim commercial validation and supply activities in 2012 preparatory to the full commercial roll-out anticipated during early 2013.

The Saudi and Mexican programmes are substantially defined and agreed to a level of considerable detail. Client technical specialists have endorsed these projects both in terms of process fit and prospective return on investment. The associated contracts are expected to be executed shortly, and this will allow the Company to provide more detail on the contracting parties, the initial scope and the future prospects.

The Company has identified refineries and associated 'supply envelopes' which fit the Quadrise MSAR® fuels model. We are now receiving enquiries from a range of industry participants from majors to independents. This is very positive as we expect that residue sourcing will be the key to accelerated growth in the near future.

The Group is funded to deliver the current business plan based on a 'license model' requiring limited capital expenditure and working capital. Other business modes will be possible in the future once our MSAR® fuels become recognised 'specification' products for the purpose of inventory and transaction trade finance. Future possibilities include the ownership and operation of strategically placed 'merchant plants'. These would be sized to match the demand of defined markets with buyers committed to term off-take agreements.

While progression to such operations would require substantial equity and project debt financing, this mode of business would elevate QFI to a very different scale of activity and profitability. This in turn would promote the Company in the process to the mid-cap league on an accelerated trajectory.

In the immediate future the team is committed to finalising key agreements, installing the demonstration plants, delivering test results and moving on to the commercial phase with term contracts, assured current revenues and future prospects.

Ian Williams
Chairman
21 October 2011

Financial Review

Overview

As stated in the Chairman's Statement and Business Review, the main thrust for the Group and its management during the year under review was to continue to make progress in its core business activity with its principal prospects and leads whilst continuing to maintain a low operational overhead base. At the same time, major steps have been taken to raise awareness of the Group and its business prospects within the investor community, on a selective basis.

The Group started off last year with a cash balance of £1 6 million and raised a further £4 8 million during the year Of this, £2 4 million was spent during the year, leaving a cash balance of £4 0 million at the year end Given the current business plan and prospects, it is anticipated that this cash reserve should enable the Group to move into a sustainable revenue phase

Results for the Year

The consolidated after-tax loss for the year to 30 June 2011 was £6 6 million (2010 £3 9 million) This included a charge of £4 8 million (2010 £2 8 million) for the amortisation and impairment of intangible assets and available for sale investments, corporate restructuring, operational and general administration expenses of £1 8 million (2010 £1 2 million) and bank deposit interest income of £0 02 million (2010 £0 05 million)

Basic and diluted loss per share was 1 19p (2010 0 86p)

Statement of Financial Position

At 30 June 2011, the Group had net assets of £19 2 million (2010 £22 0 million) The most significant balances were intangible assets of £6 7 million (2010 £8 8 million), available for sale investments of £8 3 million (2010 £11 3 million) and cash of £4 0 million (2010 £1 6 million) Further information on the intangible assets and available for sale investments is provided in notes 14 and 15 to the Group Financial Statements

Cash Flow

The Group ended the year with £4 0 million of cash and cash equivalents (2010 £1 6 million) The Group continues to remain debt free

Capital Structure

The Company had 635,043,391 ordinary shares of 1p each in issue, out of its authorised share capital of 1,000,000,000 ordinary shares, at 30 June 2011 As announced on 3 September 2010, the Company issued a further 87,500,000 new ordinary shares raising £875 000 The subscribers were also granted warrants on a one-for-one basis, also priced at £0 01 per share, exercisable by 30 June 2011 The warrant holders elected to exercise their rights prior to the expiry date, resulting in the receipt of a further £875,000 through the issue of 87,500,000 new Ordinary Shares, which were admitted to trading on 7 July 2011 The shares placed and warrants issued fell within the authorities granted to the Board under sections 551 and 570 of the Companies Act 2006 at the last Annual General Meeting ("AGM") of 9 December 2010 and the previous AGM of 10 December 2009 These authorities will be reviewed again at the next AGM, as appropriate. The Company's current issued share capital stands at 722,543,391 ordinary shares of 1p each all with voting rights

Treasury and Financial Risk Management

Control over treasury and financial risk management is exercised by the Board and its Audit Committee through the setting of policies and the regular review of forecasts and financial exposures. Presently, the Group's financial instruments consist principally of available for sale investments, cash and liquid resources and other items such as accounts receivable and payable, which arise directly from its operations. It is still the Group's policy not to undertake any trading activity in financial instruments, including derivatives.

The principal risks arising from the Group's financial instruments are those associated with interest, liquidity and foreign exchange The Board reviews and establishes appropriate policies for the management of such risks and monitors them on a regular basis.

Taxation

At 30 June 2011, the Group had tax losses arising in the UK of approximately £29 6 million (2010 £27 4 million) that are available indefinitely against future taxable profits under current legislation £7 3 million (2010 £6.5 million) of the tax losses carried forward represent trading losses within Quadrise Fuels International plc, £22 3 million (2010 £20 8 million) represent non-trade losses arising through the impairment of intangible assets within Quadrise International Limited and £0 1 million (2010 £0 1 million) represent non-trade losses within Quadrise Fuels International plc A deferred tax asset of approximately £7 8 million (2010 £7 7 million) has not, however, been recognised in the financial statements as a result of the uncertainties of its realisation in the foreseeable future.

Outlook

Following the reorganisation of the business and raising of further equity funding during the year, the Group is well placed to take its core business activity into the sustainable revenue phase We shall, however continue to place effective cash management at the forefront of our near term financial management strategy to ensure that the current business development programme momentum is not compromised due to financial constraints.

Hemant Thanawala
Finance Director
21 October 2011

Directors

Ian Williams – Chairman

Ian joined the Masefield Group in 1999 with responsibility for the development and management of business ventures In this capacity, he led the strategy to secure the portfolio of assets and related business interests that culminated in the formation of International Energy Group AG, the ultimate parent of Quadrise Fuels International plc Ian s wide ranging industry experience encompassed 27 years with the Royal Dutch/Shell Group as Managing Director and Deputy Chairman of Shell South Africa, Vice President (Downstream) of Shell Philippines and Head of Strategy and Consultancy (Downstream) at Shell International Petroleum Company Ian was a member of the Shell Global Downstream Oil Coordinating Committee

Jason Miles – Director of Business Development

Jason started his career as a process engineer with British Petroleum ("BP") Engineering in London In 1992 he was seconded to BP's joint venture with Petroleos de Venezuela ("PDVSA") that established Orimulsion®, a novel emulsion fuel with worldwide sales of over 60 million tonnes. He has over 10 years of specialist technical, environmental and commercial product knowledge in the application and competitiveness of emulsion fuel for power generation Prior to joining QFI in 2006, he was a Senior Consultant for OpenLink for two years, implementing trading and risk management solutions for oil majors. Jason read Chemical Engineering (B Eng, Hons) at Loughborough University, has an Executive MBA with distinction from Cass Business School (City of London) and is a chartered chemical engineer (MIChemE)

Hemant Thanawala – Finance Director

Hemant is a Chartered Accountant with over 25 years' professional and commercial experience. Hemant joined the Masefield Group as Chief Financial Officer in 2001 After qualifying with KMG Thomson McLintock, now KPMG, Hemant was involved in professional practice in the UK, before working as Finance Director for the Rostel Group for nine years and as Chief Financial Officer to Premier Telesports Group for a further three

Laurence Mutch – Non-Executive Director

Laurie is a management consultant providing advice on governance, strategic planning, business development and change management to multi-national organisations He has 25 years experience in the energy industry with the Royal Dutch/Shell Group where he sat on the Board of Shell International Gas & Power, as Executive Director for business development in the Eastern Hemisphere, leading the commercial appraisal and development of all Shell's gas and power projects in the Middle East, South Asia, China, Philippines and the Russian Far East. From 1994 to 1996, he was the Finance Director in Shell International Gas, and Principal Executive to the International Energy Agency's Coal Industry Advisory Board ("CIAB"), a forum of coal industry leaders and a main source of advice for coal policy matters to the International Energy Agency in Paris Prior roles include senior management positions in Shell's Coal and Chemical Divisions. During his last two years of service he was Group Chief Information Officer and on the Microsoft and Dell Enterprise Advisory Boards Laurie holds a BSc in Mathematics & Physics and an MSc in Astrophysics.

Ian Duckels – Non-Executive Director

Ian joined Quadrise Ltd in 1998 after a career span of 28 years in the oil, chemicals and mining industries working for Shell and BP In the early 90's, as the first Chairman of the management board, Ian managed BP's newly formed Nerefco refinery in Rotterdam He has a BSc in Chemistry, a PhD in Chemical Physics, a BSc in Mathematics & Astrophysics and is an associate of the Chartered Institute of Management Accountants.

Dilipkumar Shah – Non-Executive Director

Dilipkumar (Dilip') was appointed to the board of Quadrise on the 5th November, 2010 Dilip brings with him over 25 years of commercial experience in trading, finance, manufacturing and distribution Dilip has most recently been involved in trading/manufacturing in West Africa with focus on Nigeria, DRC and Ghana He is a Director and/or a founder member of various companies in West Africa involved in the distribution of fertilizers/chemicals, tobacco related products and the manufacture of food products. In addition he is on the board of a number of private companies.

Directors' Report

The Directors present their report together with the audited accounts of Quadrise Fuels International plc ("the Company"), and its subsidiaries, ("the Group") for the year ended 30 June 2011

Principal Activity

The principal activity of both the Group and the Company is to produce emulsion fuel as a low cost substitute for conventional heavy fuel oil ("HFO") for use in power generation plants and industrial and marine diesel engines.

Business Review and Future Developments

A full review of the Group's activities during the year, recent events and future developments is contained in the Chairman's Statement and Business Review on pages 2 - 7 of this report.

Key Performance Indicators

The Group's key performance indicators are performance against budget and achievement of our key milestones on the route to commercialisation of MSAR® Group performance for the financial year is discussed in the Chairman's Statement and Business Review on page 2

Research and Development

Research and development are crucial for the development of MSAR® into a commercially successful product Research and development takes place in cooperation with our development partners.

Results and Dividends

The consolidated loss from continuing operations after taxation for the year ended 30 June 2011 was £6.6m (2010 £3.9m), including a £4.8m (2010 £2.8m) non-cash amortisation and impairment charge for intangible assets and available for sale investments. The Directors do not recommend the payment of any dividend for the year (2010 £nil).

Directors

Those who served as Directors during the year are

- Ian Williams (Chairman) [1]
- Hemant Thanawala (Finance Director) [1]
- Jason Miles (Director of Business Development) [2]
- Ian Duckels (Non-executive Director)
- Laurence Mutch (Non-executive Director)
- G William Howe (Chief Executive Officer) [3]
- Dilipkumar Shah (Non-executive Director) [4]

1) Assumed an executive role effective from 9 July 2010

2) Assumed a non-executive role effective from 18 October 2010

3) Resigned from the Board of Directors on 18 August 2010

4) Appointed a non-executive Director on 5 November 2010

Resolutions will be proposed at the Annual General Meeting to re-elect Ian Williams as Chairman and to re-elect Jason Miles as a Director

Directors' Report (continued)

Directors' Interests

The interests of the Directors holding office at 30 June 2011 were as follows:

Number of Shares held

Directors	30 June 2011 Ordinary Shares of 1p each	30 June 2010 Ordinary Shares of 1p each
Ian Williams [1]	9,396,580	9,396,580
Hemant Thanawala	9,363,400	8,344,189
Ian Duckels [2]	3,967,460	3,203,052
Jason Miles	637,007	Nil
Laurence Mutch	Nil	Nil
Dilipkumar Shah	Nil	Nil

Notes

1 Tilehouse Limited, a Jersey registered company, also holds 2,219,524 Ordinary shares of 1p each Tilehouse Trust is the owner of Tilehouse Limited and Ian Williams is a beneficiary of Tilehouse Trust The shares of Tilehouse Limited are held in the name of Brewin Nominees (Channel Islands) Limited

2 The shares of Ian Duckels are held in the name of TD Waterhouse Nominees (Europe) Limited

Number of share options held

Directors	30 June 2011 Share options	30 June 2010 Share options	Exercisable up to
Ian Williams	1,500,000	1,500,000	19 April 2016
Hemant Thanawala	2,000,000	2 000,000	19 April 2016
Jason Miles	750,000	750,000	26 March 2015
	2,500,000	2,500,000	31 December 2016
	2,500,000	2,500,000	31 October 2017
Laurence Mutch	750,000	750 000	19 April 2016

21 5 million share options have been granted by International Energy Group AG ("IEG"), over its own shares in QFI, to two Directors and three employees of QFI in prior years. These share options have been included in the table above Refer to Note 20 for further details

Substantial Shareholders

The Board was aware of the following interests of 3% and over of the issued share capital of the Company as at the date of this report

	Nature of holding	Number of ordinary shares held	Percentage of issued share capital and voting rights
International Energy Group AG	Direct	272,474,715[1]	37 71%
Zenita Enterprises Limited	Direct	125,000,000	17 30%
Anthony Lowrie	Indirect	46,196,705	6 39%

Note.

1 With reference to the 21 5 million share options granted by IEG as noted above if all of the options were exercised as at the date of this report, IEG s shareholding in QFI would be reduced from 272,474 715 ordinary shares to 250,974,715 ordinary shares and the percentage interest from 37 71% to 34 73%

Directors' Report (continued)

Events After the End of the Reporting Period

On 1 August 2011, an agreement was concluded with AkzoNobel for the purchase of the first commercial scale 1,000 tonne (6 000 barrels) per day MSAR® Manufacturing Unit to be supplied to Quadrise International Limited

On 3 August 2011, the Company appointed Westhouse Securities Limited as its broker with immediate effect.

The service agreement with International Energy Services Limited ("IESL") for the provision of executive director services by Ian Williams and Hemant Thanawala expired on 30 June 2011 With effect from 1 July 2011, Ian Williams and Hemant Thanawala are employed by QFI in their capacity as executive directors.

Employees

The success of the business depends upon maintaining a highly qualified and well-motivated workforce and every effort is made to achieve a common awareness of the financial and economic factors affecting the performance of the Group Quadrise Fuels International plc is committed to being an equal opportunity employer

Going Concern

Following the Group restructuring carried out after the year end and a review of the business plan and related commitments, the Directors have concluded that the Group has adequate financial resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the accounts Refer to Note 3 for further details

Supplier Payment Policy & Practice

It is the Group's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and abide by them Trade payables as at 30 June 2011 amount to 19 days (2010 21 days) of purchases made in the year

Financial Instruments

The Group's principal financial instruments comprise available for sale investments, cash balances and other payables and receivables that arise in the normal course of business The Group's financial risk management objectives and policies are set out in note 2.21 to the financial statements

Principal Business Risks

Set out below are certain risk factors related to the Group's business. The risk factors described below may not include all of the risk factors that could affect future results Actual results could differ materially from those anticipated as a result of these and various other factors, and those set forth in the Group's other periodic and current reports filed with the authorities from time to time

Market risk
The marketability of MSAR® fuels is affected by numerous factors beyond the control of the Group These factors include variability of price spreads between light and heavy oils and the relative competitiveness of oil, gas and coal prices both for prompt and future delivery The Group cannot mitigate this risk by its nature, but pays close attention to the energy markets in order to be able to react to it in a timely and effective manner

Feedstock sourcing
There is a risk in respect of appropriately located and ongoing price competitive availability of heavy oil residue feedstocks as oil refiners seek to extract more transportation fuels from each barrel of crude using residue conversion processes. The Group mitigates this risk where possible by utilising its deep understanding of the global refining industry

Commercial risks
There is a risk the Group will not achieve a commercial return due to major unanticipated change in a key variable or more likely, the aggregate impact of changes to several variables which results in sustained depressed margins

The competitive position could be affected by changes to government regulations concerning taxation, duties, specifications, importation and exportation of hydrocarbon fuels and environmental aspects Freight costs contribute substantially to the final cost of supplied products and a major change in the cost of bulk liquid freight markets could have an adverse effect on the economics of the fuels business The group would mitigate this risk through establishing appropriate flexibilities in the contractual framework, off take arrangements and price risk management through hedging.

Technological risk
There is a risk that the technology used for production of MSAR® fuel may not be adequately robust for all applications in respect of the character and nature of the feedstock and the particular parameters of transportation and storage pertaining to a specific project This risk may jeopardise the early commercialisation of the technology and subsequent implementation of projects, or give rise to significant liabilities arising from defective fuel during plant operations The group mitigates this risk by ensuring that its highly experienced key personnel are closely involved with all areas of MSAR® formulation and manufacture, and that the MSAR® fuel is thoroughly tested before being put into operational use

Directors' Report (continued)

Alliance Agreement
The Alliance Agreement, under which Quadrise enjoys exclusive rights to promote and develop projects for the commercial application of the MSAR® oil process technology of AkzoNobel, can be terminated by AkzoNobel, at 12 months' notice, at any time after 20 December 2013

While the Directors believe that it is likely to be in the commercial best interests of AkzoNobel to allow the Alliance Agreement to continue after 20 December 2013 there can be no guarantee that this will occur The Group mitigates this risk by continuing to cultivate a close and mutually beneficial partnership with AkzoNobel

Competition risks
There is a risk that new competition could emerge with similar technologies but sufficiently differentiated to challenge the AkzoNobel process. This could result, over time, in further price competition and a pressure on margins beyond that assumed in the Group's business planning This risk is mitigated by the limited global pool of expertise in the emulsion fuel market The group makes best use of this limited expertise by developing close relationships with strategic counterparties and by ensuring that key employees are suitably incentivised

Joint venture parties and contractors
The Directors are unable to predict the risk of financial failure or non compliance with respective obligations or default by a participant in any joint venture in which the Group may become a party, insolvency or other managerial failure by any of the contractors used by the Group in its fuel processing and distribution activities, or insolvency or other managerial failure by any of the other service providers used by the Group for any activity The Group has not entered into any joint ventures or joint venture arrangements as at the end of the reporting period Any future risk would be mitigated by the Group using its deep understanding of the global refining industry to ensure that any counterparties are of a sufficiently high calibre to minimise any relevant risks.

Dependence on key personnel
The Group's business is dependent on retaining and obtaining the services of a small number of key personnel of the appropriate calibre as the business develops. The success of the Group is, and will continue to be to a significant extent, dependent on the expertise and experience of the Directors and the management team and the loss of one or more personnel could have a material adverse effect on the Group The Group mitigates this risk by ensuring that key personnel are suitably incentivised and contractually bound

Investment risk
The Company holds minority interests in a number of non-managed private Canadian enterprises and recognises them as 'Available for Sale Investments' The potential realisable values or the realisability of these investments could be affected by a number of factors beyond the control of the Company Such factors include delays in business development and hence value creation, as well as the lack of an active market in the shares. The Group mitigates this risk by ensuring that it does not rely upon the returns from the Available for Sale Investments to fund any of its operational activities, nor does it factor any such returns into its forecasting models.

Insurance risks
The Group insures its operations in accordance with industry practice and plans to insure the risks it considers appropriate for the Group's needs and for its circumstances. Insurance cover will not be available for every risk faced by the Group, including MSAR® inventory risk

Although the Group believes that it or its partners and counter-parties should carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances, the Group's or the partner's and counter-parties insurance may not cover or be adequate to cover the consequences of such events. In addition, the Group may be subject to liability for pollution, or other hazards against which the Group or its partners and counter-parties may elect not to insure because of high premium costs or other reasons The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of operations of the Group The Group mitigates this risk by ensuring that it complies with regulations in the jurisdictions in which it operates and by ensuring that employees and contractors adhere to strict codes of conduct.

Environmental risks
The Group's operations are subject to environmental risks inherent in the oil processing and distribution industry The Group is subject to environmental laws and regulations in connection with all of its operations Although he Group intends to be in compliance, in all material respects, with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other circumstances that could subject the Group to extensive liability

Further, the Group may require approval from the relevant authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals may prevent or delay the Group from undertaking its desired activities The Group is unable to predict definitively the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business, or affect its operations in any area. The Group mitigates this risk by ensuring compliance with environmental legislation in the jurisdictions in which it operates, and closely monitoring any pending regulation or legislation to ensure compliance

Directors' Report (continued)

Currency risk
The Group reports its financial results in Sterling, while many contracts in the oil and gas industry are principally denominated in United States Dollars. Fluctuations in exchange rates between currencies in which the Group operates may cause fluctuations in its financial results and may have an adverse effect on income and/or asset values. The Group mitigates this risk where possible by maintaining bank accounts denominated in both Euros and US Dollars, and anticipating in advance any significant foreign currency transactions to ensure that the most beneficial exchange rates are obtained

No profit to date
The Group has incurred aggregate losses since its inception and it is therefore not possible to evaluate its prospects based on past performance There can be no certainty that the Group will achieve or sustain profitability or achieve or sustain positive cash flow from its activities

Future funding requirements
The Group will need to raise additional funding to undertake work beyond that capable of being funded by its existing cash resources There is no certainty that this will be possible at all or on acceptable terms

Corporate and regulatory formalities
The conduct of petroleum processing and distribution requires compliance by the Group with numerous procedures and formalities in many different national jurisdictions. It may not in all cases be possible to comply with or obtain waivers of all such formalities

Economic, political, judicial, administrative, taxation or other regulatory factors
The Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Group operates and conducts its principal activities.

Directors' Liabilities

Subject to the conditions set out in the Companies Act 2006, the Company has arranged appropriate Directors' and Officers' insurance to indemnify the Directors against liability in respect of proceedings brought by third parties Such provisions remain in force at the date of this report

Disclosure of Information to Auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditors, each Director has taken all the steps that he is obliged to take as a Director in order to have made himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution to re-appoint Crowe Clark Whitehill LLP will be proposed at the next Annual General Meeting.

Board Committees

Information on the Audit Committee and Compensation Committee is included in the Corporate Governance section of the Annual Report on pages 18 – 19

Annual General Meeting

The Annual General Meeting will be held on Monday, 12 December 2011 as stated in the Notice, which accompanies this Annual Report

By order of the Board

Audrey Clarke

Audrey Clarke
Company Secretary
21 October 2011

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs') as adopted by the EU and applicable law

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom

The maintenance and integrity of the Quadrise Fuels International plc web site is the responsibility of the Directors, the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

Report on Directors' Remuneration

Key Management Remuneration

The Compensation Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for all key management personnel, regarded as the executive Directors and Officers of the Group The Compensation Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team

To assist in achieving these objectives, the Compensation Committee links the nature and amount of key management remuneration to the Company's financial and operational performance.

Details of the nature and amount of each element of the emoluments of each member of Key Management for the year ended 30 June 2011 were as follows

Director	Short-term employee benefits £'000s	Post-employment benefits £'000s	Other long-term benefits £'000s	Termination benefits £'000s	Other benefits £'000s	Total June 2011 £'000s	Total June 2010 £'000s
Ian Williams	32	-	-	-	-	**32**	**9**
Hemant Thanawala	28	-	-	-	-	**28**	**8**
Jason Miles	180	2	-	-	-	**182**	**137**
Ian Duckels	30	-	-	-	-	**30**	**23**
Laurence Mutch	82	-	-	-	-	**82**	**23**
G William Howe	132	5	-	154	-	**291**	**200**
Dilipkumar Shah	-	-	-	-	-	-	-
Total	484	7	-	154	-	**645**	**400**

Until 30 June 2011, Ian Williams and Hemant Thanawala provided services to the Company through a service agreement with International Energy Services Limited ("IESL"), which is a related party On 21 August 2009, an amendment to the terms of this agreement was agreed between the parties whereby no fees would be levied to QFI for the services of Ian Williams and Hemant Thanawala from 1 September 2009 to 31 December 2010 From 1 January 2011 to 30 June 2011, a fee of £10,000 per month was levied by IESL to QFI for the services of Ian Williams and Hemant Thanawala.

Effective from 18 October 2010, Jason Miles assumed the role of non-executive director and levies £1,333 per month to QFI for his services. In addition, effective from 1 September 2011, Jason Miles ceased to be a direct employee of QFI and is instead employed on a contract basis.

On 18 August 2010, G William Howe resigned from the Board of QFI Per the Compromise Agreement dated 4 October 2010, Mr Howe received £99,855 as the balance of his contractual entitlement An additional *ex-gratia* payment of £54 000 was awarded to Mr Howe

Share Options Granted to Directors

None of the Directors were granted or exercised options during the year

Reconciliation of Share Options Granted to Directors

	30 June 2011 Number of share options	30 June 2010 Number of share options
As at 1 July	**20,000,000**	20,000,000
Granted during the year	-	-
As at 30 June	**20,000,000**	20 000,000

The market price of the Company's shares at the end of the reporting period was 5 00p (2010 2 88p) and the range during the year was 1.67p to 10.57p (2010: 2.00p to 6 10p) per share.

Ian Duckels
Chairman of the Compensation Committee
21 October 2011

Corporate Governance Statement

As the Company is listed on the AIM Market of the London Stock Exchange, it is not required to comply with the provisions of the UK Corporate Governance Code, (the "Code") effective 1 July 2010 However, the Board is committed to the high standards of good corporate governance embodied in the Code and seeks to apply the principles of the Code where practicable for a company of Quadrise's size and complexity

Board of Directors
The Board is responsible for the direction and overall performance of the Group with emphasis on policy and strategy, financial results and major operational issues

The Code recommends that at least one-third of Board members should be non-executive Directors During the year, the Board comprised the executive Chairman and Finance Director as executive Directors and three non-executive Directors who are independent of management In addition, Jason Miles, an executive Director of QIL, also assumed a non-executive role in the Company

During the year, the services of the Executive Chairman and the Finance Director were secured through a contract for services with International Energy Services Limited, a related party

At each Annual General meeting, one third of the Directors who are subject to retirement by rotation shall retire from office provided that if their number is more than three, but not a multiple thereof, then the number nearest to but not exceeding one-third shall retire

Appropriate Directors' and Officers' liability insurance has been arranged by the Company

Meetings of the Board of Directors
The Board meets at least four times a year after all relevant information has been circulated in good time, to discuss a formal scheduled agenda covering key areas of the Group's affairs including operational and financial performance and quarterly management accounts.

All members of the Board are expected to attend Board Meetings, which are scheduled in advance, and full attendance was achieved throughout the year

Audit Committee
During the year, the Audit Committee comprised two non-executive Directors and was chaired by Laurence Mutch. The chairman of the Committee provides a written or detailed verbal report as necessary of every Audit Committee meeting at the next Board Meeting.

The Audit Committee, which meets at least twice a year, is responsible for keeping under review the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditors Due to the size of the Company, there is currently no internal audit function although the Audit Committee has oversight responsibility for public reporting and the Company's internal controls

Other members of the Board, as well as the auditors, are invited to attend the Audit Committee meetings as and when appropriate

Compensation Committee
Ian Duckels chaired the Compensation Committee during the year and its other member is Laurence Mutch The chairman of the Committee provides a written or detailed verbal report as necessary of every Compensation Committee meeting at the next Board Meeting.

The Compensation Committee, which meets at least twice a year, is responsible for considering the remuneration packages for executive Directors and the bonus and share option strategy for the Group and making recommendations as appropriate

The Compensation Committee is also responsible for reviewing the performance of the executive Directors and ensuring that they are fairly and responsibly rewarded for their individual contributions to the Group's overall performance. The Committee's scope extends to all remuneration of Directors including bonus and share options

None of the Committee members has any day-to-day involvement in running the Company and no Director participates in discussions about his own remuneration

UK Bribery Act 2010

The Board is currently considering the implications of the UK Bribery Act 2010, which came into effect on 1st July 2011 and will ensure that its policies and procedures fully address the requirements of the UK Bribery Act 2010

Internal Control

The Board is responsible for the effectiveness of the Group's internal control system and is supplied with information to enable it to discharge its duties. Internal control systems are designed to meet the particular needs of the Group and to manage rather than eliminate the risk of failure to meet business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Laurence Mutch
Chairman of the Audit Committee
21 October 2011

Independent Auditors' Report to the Shareholders of Quadrise Fuels International plc

We have audited the financial statements of Quadrise Fuels International Plc for the year ended 30 June 2011 which comprise of the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes numbered 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Directors' Report and any other surround information to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion,

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2011 and of the group's loss for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Robin Stevens
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor

St Bride's House
10 Salisbury Square
London EC4Y 8EH

Date: 21 October 2011

Note The maintenance and integrity of the Quadrise Fuels International Plc website is the responsibility of the directors The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2011

	Notes	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Continuing operations			
Other income	5	**35**	67
Raw materials, consumables, transportation, tank rental and analysis costs		**(10)**	-
Amortisation of intangible assets	14	**(1,368)**	(2,637)
Impairment of intangible assets	14	**(716)**	(176)
Impairment of available for sale investments	15	**(2,705)**	-
Other administration expenses		**(1,833)**	(1,177)
Foreign exchange (loss)/gain		**(7)**	63
Operating loss	6	**(6,604)**	(3,860)
Finance costs	9	**(55)**	(3)
Finance income	10	**17**	45
Loss before tax		**(6,642)**	(3,818)
Taxation	11	**51**	(131)
Loss for the year from continuing operations		**(6,591)**	(3,949)
Other Comprehensive Income			
Changes in fair value of available for sale investments		**(934)**	4,797
Other comprehensive (loss)/income for the year net of tax		**(934)**	4,797
Total comprehensive (loss)/income for the year		**(7,525)**	848
Loss for the year attributable to:			
Owners of the Company		**(6,526)**	(3 949)
Non-controlling interest		**(65)**	-
Total comprehensive income / (loss) attributable to			
Owners of the Company		**(7,460)**	848
Non-controlling interest		**(65)**	-
Loss per share – pence			
Basic	12	**(1.19)p**	(0 86) p
Diluted	12	**(1.19)p**	(0 86) p

Company No. 05267512

Consolidated Statement of Financial Position

As at 30 June 2011

	Notes	As at 30 June 2011 £'000	As at 30 June 2010 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	9	-
Intangible assets	14	6,748	8,832
Available for sale investments	15	8,269	11,269
Non-current assets		15,026	20,101
Current assets			
Cash and cash equivalents	17	3,962	1,634
Trade and other receivables	18	195	212
Prepayments		45	30
Current assets		4,202	1,876
TOTAL ASSETS		19,228	21,977
Equity and liabilities			
Current liabilities			
Trade and other payables	19	148	127
Current liabilities		148	127
Equity attributable to equity holders of the parent			
Issued share capital	21	7,225	4,617
Share premium	21	55,780	53 634
Revaluation reserve	22	4,429	5,363
Share option reserve	22	1,009	1,009
Reverse acquisition reserve	22	522	522
Accumulated losses		(49,821)	(43,295)
Total shareholders' equity		19,144	21 850
Non-controlling interests		64	-
TOTAL EQUITY AND LIABILITIES		19,228	21,977

The financial statements, accompanying policies and notes 1 to 30 (forming an integral part of these financial statements), were approved and authorised for issue by the Board on 21 October 2011 and were signed on its behalf by

T Williams
Chairman

H. Thanawala
Finance Director

Consolidated Statement of Changes in Equity
For the year ended 30 June 2011

	Attributable to owners of the parent								
	Issued capital £'000s	Share premium £'000s	Revaluation reserve £'000s	Share option reserve £'000s	Reverse acquisition reserve £'000s	Accumulated losses £'000s	Total £'000s	Non controlling interest £'000s	Total equity £'000s
1 July 2009	4 617	53,634	566	1,009	522	(39,346)	21,002	-	21,002
Loss for the year	-	-	-	-	-	(3,949)	(3,949)	-	(3,949)
Total comprehensive loss for the year	-	-	-	-	-	(3,949)	(3,949)	-	(3,949)
Fair value adjustments	-	-	4,797	-	-	-	4,797	-	4,797
30 June 2010	**4,617**	**53,634**	**5,363**	**1,009**	**522**	**(43,295)**	**21,850**	-	**21,850**
1 July 2010	**4,617**	**53,634**	**5,363**	**1,009**	**522**	**(43,295)**	**21,850**	-	**21,850**
Loss for the year	-	-	-	-	-	(6 526)	(6,526)	(65)	(6,591)
Fair value adjustments	-	-	(934)	-	-	-	(934)	-	(934)
Total comprehensive loss for the year	-	-	(934)	-	-	(6,526)	(7,460)	(65)	(7,525)
New shares issued	2,608	2,146	-	-	-	-	4,754		4,754
Disposal of non-controlling interests without change in control	-	-	-	-	-	-	-	1	1
30 June 2011	**7,225**	**55,780**	**4,429**	**1,009**	**522**	**(49,821)**	**19,144**	**(64)**	**19,080**

For an explanation of the nature and purpose of other reserves refer to note 22.

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

	Notes	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Operating activities			
Loss before tax from continuing operations		**(6,642)**	(3,818)
Finance costs	9	**55**	3
Finance income	10	**(17)**	(45)
Other income – QCC warrants	5	**(1)**	(25)
Amortisation of intangible assets	14	**1,368**	2,637
Impairment of intangible assets	14	**716**	176
Impairment of available for sale investments	15	**2,705**	-
Working capital adjustments			
Decrease/(increase) in trade and other receivables		**17**	(26)
Increase in prepayments		**(15)**	
Increase/(decrease) in trade and other payables		**21**	(188)
Cash utilised in operations		**(1,793)**	(1,286)
Finance costs	9	**(55)**	(3)
Taxation received	11	**51**	-
Net cash outflow from operating activities		**(1,797)**	(1,289)
Investing activities			
Finance income	10	**17**	45
Purchase of Fixed assets	13	**(9)**	-
Purchase of available for sale securities	15	**(637)**	-
Net cash inflow from investing activities		**(629)**	45
Financing Activities			
Issue of ordinary share capital	21	**4,754**	-
Net cash inflow from financing activities		**4,754**	-
Net increase /(decrease) in cash and cash equivalents		**2,328**	(1,244)
Cash and cash equivalents at the beginning of the year	17	**1,634**	2,878
Cash and cash equivalents at the end of the year		**3,962**	1,634

Company No. 05267512

Company Statement of Financial Position
As at 30 June 2011

	Notes	As at 30 June 2011 £'000s	As at 30 June 2010 £'000s
Assets			
Non-current assets			
Available for sale investments	15	8,269	1,134
Investments in subsidiaries	16	13,122	21 624
Non-current assets		21,391	22,758
Current assets			
Cash and cash equivalents	17	1,896	1,634
Trade and other receivables	18	177	212
Prepayments		32	30
Current assets		2,105	1,876
TOTAL ASSETS		23,496	24,634
Equity and liabilities			
Current liabilities			
Trade and other payables	19	92	127
Current liabilities		92	127
Equity attributable to equity holders of the parent			
Issued capital	21	7,225	4,617
Share premium	22	55,780	53,634
Revaluation reserve	23	531	556
Share option reserve	23	1,009	1,009
Accumulated losses		(41,141)	(35,309)
Total shareholders' equity		23,404	24 507
TOTAL EQUITY AND LIABILITIES		23,496	24,634

The financial statements, accompanying policies and notes 1 to 31 (forming an integral part of these financial statements), were approved and authorised for issue by the Board on 21 October 2011 and were signed on its behalf by

I. Williams
Chairman

H. Thanawala
Finance Director

Company Statement of Changes in Equity
For the year ended 30 June 2011

	Accumulated losses £'000s	Issued capital £'000s	Share premium £'000s	Revaluation reserve £'000s	Share option reserve £'000s	Total £'000s
1 July 2009	(34,250)	4,617	53 634	566	1,009	25,576
Loss for the year	(1,059)	-	-	-	-	(1,059)
Other comprehensive loss	-	-	-	(10)	-	(10)
Total comprehensive loss for the year	(1,059)	-	-	(10)	-	(1,069)
30 June 2010	**(35,309)**	**4,617**	**53,634**	**556**	**1,009**	**24,507**
1 July 2010	**(35,309)**	**4,617**	**53,634**	**556**	**1,009**	**24,507**
Loss for the year	(5 832)	-	-	-	-	(5,832)
Fair value adjustments	-	-	-	(25)	-	(25)
Total comprehensive loss for the year	(5,832)	-	-	(25)	-	(5,857)
New shares issued	-	2,608	2,146		-	4,754
30 June 2011	**(41,141)**	**7,225**	**55,780**	**531**	**1,009**	**23,404**

Company Statement of Cash Flows
For the year ended 30 June 2011

	Notes	Year ended 30 June 2011 £'000s	Year ended 30 June 2010 £'000s
Operating activities			
Loss before tax from continuing operations		(5,883)	(928)
Finance costs	9	55	3
Finance income	10	(17)	(45)
Other income – QCC warrants	5	(1)	(25)
Impairment of available for sale securities	15	4,565	-
Working capital adjustments			
Increase in trade and other receivables		35	(19)
Increase in prepayments		(2)	-
Increase/(decrease) in trade and other payables		(35)	(186)
Cash utilised in operations		(1,283)	(1,200)
Finance costs	9	(55)	(3)
Taxation received	11	51	-
Net cash outflow from operating activities		(1,287)	(1,203)
Investing activities			
Finance income	10	17	45
Purchase of available for sale securities	15	(21)	-
Capital contribution to subsidiary		(2,000)	-
Loan to subsidiary		(1,202)	-
Net cash inflow from investing activities		(3,206)	45
Financing Activities			
Issue of ordinary share capital	21	4,755	-
Net cash inflow from financing activities		4,755	-
			-
Net decrease in cash and cash equivalents		262	(1,158)
Cash and cash equivalents at the beginning of the year	17	1,634	2,792
Cash and cash equivalents at 30 June 2011		1,896	1,634

Notes to the Group Financial Statements

1. General Information

Quadrise Fuels International plc ("QFI", "Quadrise" "Company") and its subsidiaries (together "the Group") are engaged principally in the manufacture and marketing of emulsified fuel for use in power generation, industrial and marine diesel engines and steam generation applications. The Company's ordinary shares are listed on the AIM market of the London Stock Exchange

QFI, the legal parent company, was incorporated on 22 October 2004 as a limited company under UK Company Law with registered number 05267512. It is domiciled at, and is registered at, Parnell House, 25 Wilton Road, London SW1V 1YD

2 Summary of Significant Accounting Policies

The Board has reviewed the accounting policies set out below and considers them to be the most appropriate to the Group s business activities.

(2 1) Basis of Preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use by the European Union, and effective, or issued and early adopted, as at the date of these statements. The financial statements have been prepared under the historical cost convention as modified for financial assets carried at fair value.

As at the date of approval of these financial statements, the following standards and interpretations, relevant to the Group's operations, were in issue but not yet effective

IFRS 9 – Financial Instruments (not yet adopted by the EU)
IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements
IFRS 12 – Disclosure of Interests in other entities
IFRS 13 – Fair Value measurement
IAS24 – Related party disclosures (revised 2009)
Amendment to IAS32 – classification of rights issue
IFRIC 19 – Extinguishing financial liabilities with equity instruments
Amendment to IFRIC 14 – Prepayments of Minimum Funding Requirement
Improvements to IFRS issued May 2010
Amendment to IFRS7 – Financial Instruments Disclosures
Amendment to IAS12 – Income Taxes

Numerous other minor amendments to standards have been made as a result of the IASB's annual improvement project

The preparation of financial statements in conformity with IFRS accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Financial Statement in the year of initial application.

(2.2) Basis of Consolidation
The consolidated financial statements incorporate the financial statements of entities controlled by the Group as at 30 June 2011

All inter-company balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated on consolidation Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Accounting policies of subsidiaries are consistent with those adopted by the Group

Control is normally evident when QFI, or a company which it controls, owns more than 50% of the voting rights of a company s share capital Investments where the Company holds less than 20%, or if more than 20% is held then there is no significant influence held, are accounted for on a fair value basis in accordance with IAS 39 and are held as investments available for sale

Non-controlling interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Group, whether directly or indirectly through subsidiaries, are presented in the Consolidated Statement of Financial Position and Statement of Changes in Equity within equity, separately from equity attributable to the equity holders of the group Non-controlling interests in the results of the Group are presented on the face of the Consolidated Statement of Comprehensive Income as an allocation of the total profit or loss for the year between non-controlling interests and the equity holders of the Group

Where losses applicable to the minority exceed the non-controlling interests in the equity of the subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group s interest is allocated all such profits until the minority s share of losses previously absorbed by the Group has been recovered

(2.3) Changes in Accounting Principles and Adoption of New and Revised Standards
The accounting policies adopted are consistent with those of the previous financial year There have been no new or revised standards or interpretations during the year which have had an impact on the financial information of the Group

(2.4) Significant Accounting Estimates and Assumptions
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements

- **Deferred Tax Assets** – Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised Significant management judgment is required to determine the amount of deferred tax assets that can or cannot be recognised, based upon the likely timing and level of future taxable profits together with the future tax planning strategies The carrying value of unrecognised tax losses at 30 June 2011 is £7 8m (2010 £27 4m) Further details are given in Note 11

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial period are discussed below

- **Intangible Assets** – The Group tests intangible assets annually for impairment or more frequently if there are indications that they might be impaired This requires an estimation of the value in use of the intangibles. Estimating the value in use requires management to make an estimate of the expected future cash flows from the intangible assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows The recoverable amount of intangible assets at 30 June 2011 is determined to be £7 0m (2010 £8 8m) Further details are given in Note 14

  The combination of rights secured under the AkzoNobel Alliance Agreement, together with other unpatented technologies, industry know-how and trade secrets, is an intangible asset with a finite life During the current year a two year extension to the termination clause of the AkzoNobel Alliance Agreement was agreed resulting in AkzoNobel or Quadrise being able to terminate the agreement, at 12 months notice, at any time after 20 December 2013 The Directors have accordingly, amortised this intangible asset over the remaining lifespan of the extended agreement The amortisation of this intangible has resulted in a non-cash charge of £1 4m (2010 £2 7m) to the statement of comprehensive income for the year ended 30 June 2011 If this change in the amortisation period had not been applied, the amortisation charge for the year would have been higher by £1,602k (2010 £333k)

- **Available for Sale Investments** – The Group reviews the fair value of its unquoted equity instruments at each statement of financial position date. This requires management to make an estimate of the fair value of the unquoted securities in the absence of an active market Uncertainty also exists due to the early stage of development of certain of the investments. The fair value of available for sale investments at 30 June 2011 is determined to be £8 2m (2010 £11 3m) Further details are given in Note 15

(2.5) Revenue Recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenues can be reliably measured Revenue is recognised at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty The following recognition criteria must also be met before revenue is recognised

Sale of goods
Revenue for the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer

Interest income
Revenue is recognised as interest accrues.

Dividends
Revenue is recognised when the Group's right to receive the payment is established

(2.6) Foreign Currencies
The Group financial statements are presented in sterling, which is the Company's functional and presentation currency Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency Transactions in foreign currencies are initially recorded using the functional currency rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the statement of financial position date Any resulting exchange differences are included in the statement of comprehensive income Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined

The following exchange rates are used in the Group's major currencies.

	ISO Code	Statement of Financial Position (closing rate at 30 June 2011)	Statement of Comprehensive Income (average rate throughout the financial year)
United States	USD	1 60180	1.59040
Canada	CAD	1.56410	1 59230
Switzerland	CHF	1.33410	1.51790
Europe	EUR	1 11310	1 16730

(2.7) Finance Costs
Finance costs include interest charges and other costs incurred in connection with the borrowing of funds and are expensed as incurred Interest and costs are accounted for on the accruals basis and are recognised through the statement of comprehensive income in full No interest or borrowing costs have been capitalised

(2.8) Business Combinations
Acquisition of subsidiaries is accounted for using the purchase method. The results of businesses acquired are consolidated from the effective date of acquisition, whereby upon acquisition of a business or an associate, net assets are stated at fair value

On 18 April 2006, Zareba plc (renamed Quadrise Fuels International plc) became the legal parent of Quadrise International Limited in a share-for share transaction Due to the relative size of the companies, the shareholders of Quadrise International Limited became the majority shareholders of Quadrise Fuels International plc Accordingly, the substance of the combination was that Quadrise International Limited acquired Quadrise Fuels International plc and is therefore accounted for as a reverse acquisition under IFRS 3

The consequence of reverse acquisition accounting is that the appropriate comparative information for the Group is that of Quadrise International Limited and its controlled subsidiaries, accounts for which have been previously presented and lodged for the period ended up to and including 31 December 2005 Quadrise International Limited remained dormant until 18 April 2006 and, accordingly, Group comparatives were not disclosed in the consolidated financial statements of the annual report at the time of the business combination.

Quadrise Fuels International plc had no significant assets, liabilities or contingent liabilities of its own at the time that the business combination took effect.

(2.9) Intangible Assets
Intangible assets acquired separately are measured initially at cost. The costs of intangible assets acquired in a business combination are measured at the fair value as at the date of acquisition Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year-end Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate. The intangible assets of finite life are amortised over 93 months. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expenses category consistent with the function of the intangible asset

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level Such intangibles are not amortised The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable and, if not, the change in the useful life assessment from indefinite to finite is made on a prospective basis

(2 10) Property, plant and equipment:
Property, plant and equipment is stated at cost less accumulated depreciation Depreciation is calculated using a straight line method with an allowance for estimated residual values. Rates are determined based on the estimated useful lives of the assets as follows

Plant and equipment	4 to 40 years

Additions to property, plant and equipment are comprised of the cost of the contracted services, direct labour and materials Depreciation commences in the month the asset is placed in service

(2 11) Financial Instruments
Financial assets and liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument The Group currently does not use derivative financial instruments to manage or hedge financial exposures or liabilities

(2 12) Investments and other Financial Assets
Financial assets are classified as either financial assets at fair value through profit and loss, loans and receivables, held to maturity investments or available for sale financial assets, as appropriate When financial assets are recognised initially, they are

at fair value The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end

All regular way purchases and sales of financial assets are recognised on the trade date being, for example, the day that the Group commits to purchase the asset. Regular way purchases or sales of financial assets are those that require delivery of assets within the period generally established by regulation or convention in the market place

Financial Assets at Fair Value through Profit or Loss
A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group s documented risk management or investment strategy Attributable transaction costs are recognised in profit or loss as incurred Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale

Investments in Subsidiaries
Investments in subsidiaries are carried at cost less impairment The Company tests investments annually for impairment, or more frequently if there are indications that they might be impaired Impairment is based on the value in use of the subsidiaries.

Available for Sale Investments
Available for sale investments are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit and loss After initial recognition, available for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the closure of business on the statement of financial position date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value, discounted cash flow analysis and option pricing models

(2.13) Impairment
At each statement of financial position date, reviews are carried out on the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from the other assets, estimates are made of the cash-generating unit to which the asset belongs Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired

The recoverable amount is the higher of fair value, less costs to sell, and value in use In assessing value in use, estimated future cash flows are discounted to their present value using a discount rate appropriate to the specific asset or cash-generating unit If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount Impairment losses are recognised immediately in the statement of comprehensive income

(2.14) Cash and Cash Equivalents
For the purposes of the statement of cash flows, cash and cash equivalents comprise cash-in-hand bank balances, call money and unrestricted time deposit balances with a maturity of 90 days or less

(2 15) Trade and Other Receivables and Payables
Trade and other receivables and trade and other payables are initially recognised at fair value. Fair value is considered to be the original invoice amount, discounted where material, for short-term receivables and payables. Long term receivables and payables are measured at amortised cost using the effective interest rate method. Where receivables are denominated in a foreign currency, retranslation is made in accordance with the foreign currency accounting policy previously stated

(2 16) Derecognition and Impairment of Financial Assets and Liabilities
Financial Assets
A financial asset is derecognised where

- the right to receive cash flows from the asset has expired,
- the Group retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or
- the Group has transferred the rights to receive cash flows from the asset, and
    - i either has transferred substantially all the risks and rewards of the asset or
    - ii has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income

(2.17) Taxation

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred Tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss,
- in respect of taxable temporary differences associated with investment in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes related to the same taxation authority and that authority permits the Group to make a single net payment

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity Otherwise income tax is recognised in the statement of comprehensive income

(2 18) Employee Benefits

The Group maintains various defined contribution plans for providing employee benefits, which conform to laws and practices in the countries concerned Retirement benefit plans are generally funded by contributions from both the employees and the Companies to independent entities (multi-employer plan) that operate the retirement benefit schemes. Current service cost for defined contribution plans is equivalent to the employer's contributions due for that period The Group s contributions to the defined contribution pension plans are charged to the statement of comprehensive income in the year to which they relate.

(2 19) Share-based Payments

Employees (including Directors and senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby these individuals render services as consideration for equity instruments ("equity settled transactions") These individuals are granted share option rights approved by the Board, which can only be settled in shares of the respective companies that award the equity-settled transactions No cash settled awards have been made or are planned

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award ("vesting point"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group s best estimate of the number of equity instruments and value that will ultimately vest The statement of comprehensive income charge for the year represents the movement in the cumulative expense recognised as at the beginning and end of that period

The fair value of share-based remuneration is determined at the date of grant and recognised as an expense in the statement of comprehensive income on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest. The fair value is determined by use of a Hull-White Binomial model

(2.20) Separately Disclosable Items

Items that are material in size and unusual and infrequent in nature are presented as separately disclosable items in the statement of comprehensive income or separately disclosed in the notes to the financial statements The Directors are of the opinion that the separate recording of these items provides helpful information about the Group's underlying business performance

(2.21) Financial Risk Management, Recognition and Accounting

The Group s multi-national operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks, equity securities prices, liquidity and interest rates. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of he Group The Board has approved the risk management policies applied by the Group

These policies are implemented by central finance that prepares regular reports to enable prompt identification of financial risks so that appropriate actions may be taken The Group has a policy and procedures manual that sets out specific guidelines to manage foreign exchange risk, interest rate risk, credit risk and the use of financial instruments to manage these No forward hedging activities are undertaken unless approved by the Board

(2 22) Financial Risk Management Objectives and Policies

The QFI business model relies on bespoke contracts that do not contain any derivative financial instruments. The Group does not enter into any forward exchange rate contracts.

The main financial risks arising from the Group s activities are cash flow interest rate risk, liquidity risk, foreign currency risk, price risk (fair value) and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised as

- **Cash Flow Interest Rate Risk** – the Group's exposure to the risk of changes in market interest rates relates primarily to the Group s deposit accounts with major banking institutions The Group s policy is to manage its interest income using a mixture of fixed and floating rate deposit accounts.

- **Liquidity Risk** – the Group raises funds as required on the basis of budgeted expenditure and inflows. When funds are sought, the Group balances the costs and benefits of equity and debt financing. When funds are received they are deposited with banks of high standing in order to obtain market interest rates.
- **Foreign Currency Risk** – the Group's significant operations are in the UK, however movements in the USD and CAD to GBP exchange rates can affect its financial results Currently this risk to the financial position of the Group is not considered to be significant to warrant hedging or other risk management solutions.

- **Price Risk** – the carrying amount of the following financial assets and liabilities approximate to their fair value due to their short term nature cash accounts, accounts receivable and accounts payable Available for sale investments are valued at fair value based on recent shareholder transactions or the underlying net asset base The Group monitors market conditions regularly and considers the market conditions when buying or selling investments.

- **Credit Risk** – with respect to credit risk arising from other financial assets of the Group, which comprise cash and time deposits and accounts receivable, the Group s exposure to credit risk arises from default of the counterparty, with a minimum exposure equal to the carrying amount of these instruments The credit risk on cash is limited as cash is placed with substantial financial institutions

(2.23) Events After the End of the Reporting Period
Post year-end events that provide additional information about the Group's position at the statement of financial position date and are adjusting events are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material

(2.24) Segment Reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses All operating segments' operating results are reviewed regularly by the chief operating decision maker, which is the Board, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis Unallocated items comprise mainly corporate assets and head office expenses.

3. Going Concern
The Group's business activities and financial position, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement

The Directors have carried out a detailed assessment of going concern as part of the financial reporting process, taking into consideration a number of matters including the fundraising by way of the Placing and Open Offer announced on 8 March 2011, forecast cash flows, medium and long term business plans and expectations over timing of future revenues and realisability of investments.

On the basis of this assessment, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis

4. **Segmental Information**

For the purpose of segmental information the reportable operating segment is determined to be the business segment. The Group principally has two business segments, the results of which are regularly reviewed by the Board

- a business to produce emulsion fuel (or supply the associated technology to third parties) as a low cost substitute for conventional heavy fuel oil ("HFO") for use in power generation plants and industrial and marine diesel engines and
- the holding of a portfolio of non-managed interests

Information regarding the results of each reportable segment is as follows

Business Segments

Year ended 30 June 2011	**Emulsion fuel £'000s**	**Non-managed interests £'000s**	**Total £'000s**
Revenue – sale to external customers	-	-	-
Segment result	(2,766)	(2,906)	(5,672)
Unallocated net corporate expenses			(932)
Operating loss			(6,604)
Finance costs			(55)
Finance income			17
Loss before tax			(6,642)
Taxation			51
Loss for the year from continuing operations attributable to equity holders of the Company			(6,591)

As at 30 June 2011	**Emulsion fuel £'000s**	**Non-managed interests £'000s**	**Total £'000s**
Assets and liabilities			
Segment assets	8,854	8,269	17,123
Unallocated corporate assets			2,105
Total assets			19,228
Segment liabilities	56	-	56
Unallocated corporate liabilities			92
Total liabilities			148
Other segment information			
Amortisation of intangible assets	1,368	-	1,368
Impairment of intangible assets	716	-	716

Year ended 30 June 2010	**Emulsion fuel £'000s**	**Non-managed interests £'000s**	**Total £'000s**
Revenue – sale to external customers	-	-	-
Segment result	(3,177)	33	(3,144)
Unallocated net corporate expenses			(716)
Operating loss			(3,860)
Finance costs			(3)
Finance income			45
Loss before tax			(3,818)
Taxation			(131)
Loss for the year from continuing operations attributable to equity holders of the Company			(3,949)

As at 30 June 2010	**Emulsion fuel £'000s**	**Non-managed interests £'000s**	**Total £'000s**
Assets and liabilities			
Segment assets	9,022	11,269	20,291
Unallocated corporate assets			1,686
Total assets			21,977
Segment liabilities	30	-	30
Unallocated corporate liabilities			97

Total liabilities			127
Other segment information			
Amortisation of intangible assets	1,368	-	1,368
Impairment of intangible assets	-	-	-

Geographical Segments

The Group's main geographical segments during the year were Europe and Canada. The following table presents certain asset information regarding the Group's geographical segments

	30 June 2011 £'000s	30 June 2010 £'000s
Non-current assets		
Europe	6,757	8,832
Canada	8,269	11,269
Total	15,026	20,101

5. Other Income

Other income includes	Year ended 30 June 2011 £'000s	Year ended 30 June 2010 £'000s
Recoverable costs recharged to related parties	27	35
Other recoverable costs recharged	7	7
Warrants granted by QCC in lieu of Directors' fees (refer note 15)	1	25
Total	35	67

6 Operating Loss

Operating loss is stated after charging:	Year ended 30 June 2011 £'000s	Year ended 30 June 2010 £'000s
Fees payable to the Company's auditor for the audit of the Company's annual accounts.	30	23
Fees payable to the Company's auditor and its associates for other services		
Tax services	5	5
Advisory services	2	9
Consultants and other professional fees (including legal)	107	173
Depreciation of property plant and equipment	-	-
Amortisation of intangible assets	1,368	2,637
Impairment of intangible assets	716	176

7 Staff Cost

Head count	Year ended 30 June 2011 Number	Year ended 30 June 2010 Number
Average number of employees of the Group (including executive Directors employed by the Company) during the year was		
Management	1	2
Technical staff / support / other	3	5

Staff costs	Year ended 30 June 2011 £'000s	Year ended 30 June 2010 £'000s
Wages and salaries	609	510
Social security costs	54	72
Pension costs	35	45
Total	698	627

Included in total staff costs are the costs of the Executive Directors as employed by the Company as follows

Director	Year ended 30 June 2011 £'000s	Year ended 30 June 2010 £'000s
Jason Miles		
Consultancy fees	125	-
Wages and salaries	37	126
Social security costs	4	15
Pension costs	2	11
	168	152
G. William Howe		
Termination costs	154	-
Wages and salaries	107	189
Social security costs	25	23
Pension costs	5	11
	291	223
Total	459	375

Ian Williams and Hemant Thanawala provide services to the Company through a service agreement with International Energy Services Limited which is a related party Their service cost to the Company for year amounted to £32k (2010· £9k) and £28k (2010 £8k) respectively

Non-executive Directors fees for the year amounted to £64k (2010 £46k) and are not included in total staff costs above

Refer to the Report of Directors' Remuneration for further details.

8. Losses Attributable to Quadrise Fuels International plc

The loss for the year dealt with in the accounts of Quadrise Fuels International plc was £5 0m (2010· £1 1m) As provided by s 408 of the Companies Act 2006, no statement of comprehensive income is presented in respect of Quadrise Fuels International plc

9. Finance Costs

	Year ended 30 June 2011 £'000s	Year ended 30 June 2010 £'000s
Corporate finance fees	53	-
Bank charges	2	3
Total	55	3

10 Finance Income

All finance income recognised during the current and prior year has arisen from interest on bank deposits.

11. Taxation

	Year ended 30 June 2011 £'000s	Year ended 30 June 2010 £'000s
UK corporation tax (credit)/charge	(51)	131
Adjustment for prior year	-	-
Total	(51)	131

No liability in respect of corporation tax arises as a result of trading losses.

Tax Reconciliation	**Year ended 30 June 2011 £'000s**	Year ended 30 June 2010 £'000s
Loss on continuing operations before taxation	**(6,642)**	**(3,818)**
Loss on continuing operations before taxation multiplied by the UK corporation tax rate of 27.5% (2010 28%)	**(1,827)**	**(1,069)**
Effects of		
Expenses not deductible for tax purposes	-	**31**
Non taxable income	-	**32**
Other tax adjustments	-	-
Losses not utilised	-	-
Surrender of tax losses for R&D credit	-	-
R&D tax credit	**(51)**	**131**
Tax losses carried forward	**1 827**	**1,006**
Total taxation (credit)/charge on loss from continuing operations	**(51)**	**131**

The Group has tax losses arising in the UK of approximately £29 6m (2010 £27 4m) that are available, under current legislation, to be carried forward against future profits. £7.3m (2010 £6.5m) of the tax losses carried forward represent trading losses within Quadrise Fuels International plc, £22.3m (2010 £20 8m) represent non-trade deficits arising on intangible assets within Quadrise International Limited and £0 1m (2010 £0 1m) represent capital losses within Quadrise Fuels International plc.

A deferred tax asset representing these losses and other timing differences at the statement of financial position date of approximately £7 8m (2010 £7 7m) has not been recognised as a result of existing uncertainties in relation to its realisation

12. Loss Per Share

The calculation of loss per share is based on the following loss and number of shares

	Year ended 30 June 2011	Year ended 30 June 2010
Loss for the year from continuing operations (£ 000s)	**(6,591)**	(3,949)
Weighted average number of shares		
Basic	**553,136,049**	461,726 857
Diluted	**553,136,049**	461,726 857
Loss per share		
Basic	**(1.19)p**	(0 86) p
Diluted	**(1.19)p**	(0 86) p

Basic loss per share is calculated by dividing the loss for the year from continuing operations of the Group by the weighted average number of ordinary shares in issue during the year

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive options over ordinary shares. Potential ordinary shares resulting from the exercise of share options have an anti-dilutive effect due to the Group being in a loss position As a result, diluted loss per share is disclosed as the same value as basic loss per share The 45 2m share options issued by the Company and which are outstanding at year-end could potentially dilute earnings per share in the future if exercised when the Group is in a profit making position.

13 Property, plant and equipment

Consolidated

	Plant and machinery £'000s	Total £'000s
Cost		
Opening balance – 1 July 2010	-	-
Additions	9	9
Closing balance – 30 June 2011	9	9
Depreciation		
Opening balance – 1 July 2010	-	-
Depreciation charge for the year	-	-
Closing balance – 30 June 2011	-	-
Net book value at 30 June 2011	9	9

14. Intangible Assets

Consolidated

	QCC royalty payments £'000s	MSAR® trade name £'000s	Technology and know-how £'000s	Total £'000s
Cost				
Opening balance – 1 July 2010	7,686	3,100	25,901	36,687
Additions	-	-	-	-
Closing balance – 30 June 2011	7,686	3,100	25,901	36,687
Amortisation and Impairment				
Opening balance – 1 July 2010	(6,567)	(176)	(21,112)	(27,855)
Amortisation	-	-	(1,368)	(1,368)
Impairment	(716)	-	-	(716)
Closing balance – 30 June 2011	(7,283)	(176)	(22,480)	29,939
Net book value at 30 June 2011	403	2,924	3,421	6,748

Consolidated

	QCC royalty payments £'000s	MSAR® trade name £'000s	Technology and know-how £'000s	Total £'000s
Cost				
Opening balance – 1 July 2009	7,686	3,100	25,901	36,687
Additions	-	-	-	-
Closing balance – 30 June 2010	7,686	3,100	25,901	36,687
Amortisation and Impairment				
Opening balance – 1 July 2009	(6,567)	-	(18,475)	(25,042)
Amortisation	-	-	(2,637)	(2,637)
Impairment	-	(176)	-	(176)
Closing balance – 30 June 2010	(6,567)	(176)	(21,112)	(27,855)
Net book value at 30 June 2010	1,119	2,924	4,789	8,832

Intangibles comprise intellectual property with a cost of £36.7m, including assets of finite and indefinite life. QCC's royalty payments of £7.7m and the MSAR® trade name of £3.1m are termed as assets having indefinite life as it is assessed that there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows for the Group. The assets with indefinite life are not amortised. The remaining intangibles amounting to £25.9m, primarily made up of technology and know-how, are considered as finite assets and amortised over 93 months. The Group does not have any internally generated intangibles.

The Board has reviewed the accounting policy and has amortised those assets which have a finite life as indicated in note 2.9. As a consequence a non-cash charge of £1.368m (2010: £2.637m) has been recognised in the statement of comprehensive income during the year.

The Group tests intangible assets annually for impairment, or more frequently if there are indications that they might be impaired. The recoverable amount of intangible assets is determined based on a value in use calculation using cash flow forecasts derived from the most recent financial model information available. These cash flow forecasts extend to the year 2026 to ensure the full benefit of all current projects is realised. The key assumptions used in these calculations include discount rates, turnover projections, growth rates, joint venture participation expectations and expected gross margins. Management estimates the discount rates using pre-tax rates that reflect current market assessments of the time value of money and risks specific to expected future projects. For the MSAR® trade name and technology and know-how intangible, the growth rate used for the extrapolation of cash flows beyond budgeted projections is 2.5% (2010: 2.5%) and the pre-tax discount rate applied to the cash flow projections is 12% (2010: 13%). For QCC's royalty payments, the growth rate used for the extrapolation of cash flows beyond budgeted projections is 1.5% and the pre-tax discount rate applied to the cash flow projections is 35% (2010: 25%) against which a further 35% (2010: 50%) probability factor has been applied. The probability factor of 35% reflects a reduction in the likelihood of royalty income arising from QCC, due to a shift in focus of its business away from royalty generating MSAR® activities, and towards support for its oil recovery technology operations.

A 5% increase in the discount rate used would result in an additional impairment charge of £164k for the QCC royalty payments intangible asset, and an additional impairment charge of £856k for the MSAR® trade name intangible asset. No additional impairment charge would arise in the Technology and know-how intangible asset.

As 5% decrease in the discount rate used would result in no additional impairment charge.

Changes to the pre-tax discount rate applied to cash flow projections, and the probability factor used in 2010 have occurred as a result of management's updated assessment of the risks specific to expected future projects.

Taking all these factors into account, the Directors performed a review of the recoverable amount of the intangibles at 30 June 2011. As a result of this review, the Directors concluded that the QCC royalty payments intangible asset be written down to a recoverable amount of £0 4m This resulted in an impairment charge of £716k to the statement of comprehensive income for the year ended 30 June 2011

Amortisation of Intangible Assets

The Board has reviewed the accounting policy for intangible assets and has amortised those assets which have a finite life A key asset that fits this description is the combination of rights secured under the AkzoNobel Alliance Agreement, together with other unpatented technologies, industry know-how and trade secrets, which drive the principal business case for Quadrise Under the prior year arrangements, while intended to continue on an evergreen basis, AkzoNobel or Quadrise could effectively terminate, at 12 months notice, the AkzoNobel Alliance Agreement at any time after 20 December 2011 On 15 April 2010, however, a further two year extension to the termination clause was agreed resulting in AkzoNobel or Quadrise being able to terminate the agreement, at 12 months notice, at any time after 20 December 2013 Whilst the Directors believe that it is likely to be in the commercial best interests of both parties to continue the agreement beyond 20 December 2013, there can be no guarantee that this will occur The Directors have, accordingly, amortised this intangible asset over the remaining lifespan of the extended agreement. At 30 June 2011 the remaining amortisation period for this intangible asset was 30 months. The amortisation of this intangible has resulted in a non-cash charge of £1,368k (2010 £2,637k) to the statement of comprehensive income for the year ended 30 June 2011 If this change in the amortisation period had not been applied, the amortisation charge for the year would have been higher by £1,602k (2010 £333k)

15. Available for Sale Investments

	Consolidated 30 June 2011 £'000s	Consolidated 30 June 2010 £'000s	**Company 30 June 2011 £'000s**	Company 30 June 2010 £'000s
Unquoted securities				
Opening balance	**11,269**	6 447	**1,134**	1,119
Additions	**638**	25	**21**	25
Transfer from other group companies	**-**	-	**11,704**	-
Changes in fair value	**979**	4,797	**27**	(10)
Impairment of investment in QCC	**(4,617)**	-	**(4,617)**	-
Closing balance	**8,269**	11,269	**8,269**	1,134

Unquoted securities represent the Group's investment in Quadrise Canada Corporation ("QCC"), Paxton Corporation ("Paxton"), Optimal Resources Inc. ("ORI") and Porient Fuels Corporation ("Porient"), all of which are incorporated in Canada.

In early June 2010, QCC advised shareholders of its success in developing new technologies and application opportunities by exploiting the intellectual property built up by QCC itself over a number of years Shareholders approved a plan of arrangement whereby QCC shareholders were allocated shares in two new energy sector companies on a pro rata basis to their fully diluted holding in QCC As a result, on 8 June 2010, the Group was allocated 3,682,500 shares in Sparky Energy Corporation ("Sparky") and 3,682,500 shares in Porient

On 14 July 2010, the Group subscribed for an additional 2,000,000 shares in Sparky at a price of CAD $0 50 per share for a total cost of CAD$1,000,000 This acquisition of shares increased the Group's shareholding in Sparky from 16 9% at the year end to 19 5% On 1 January 2011, Sparky merged with Optimal Resources Inc "Optimal", resulting in the formation of ORI QFI holds 5,682,500 shares in ORI, a shareholding of 9.54% as at the date of this report

At the statement of financial position date the Group held a 20 44% share in the ordinary issued capital of QCC, a 3 75% share in the ordinary issued capital of Paxton, a 9 54% share in the ordinary issued capital of ORI and a 16 86% share in the ordinary issued capital of Porient

QCC is independent of the Group and is responsible for its own policy-making decisions. There have been no material transactions between QCC and the Group during the year or any interchange of managerial personnel. As a result, the Directors do not consider that they have significant influence over QCC and as such this investment is not accounted for as an associate Furthermore, QCC share options and warrants in issue at the statement of financial position date result in the Group having an effective diluted holding in QCC of 20.52%

The Group has no immediate intention to dispose of its available for sale investments unless a beneficial opportunity to realise these investments arises

Given that there is no active market in the shares of any of above companies, the Directors have performed an impairment review of the unquoted securities at 30 June 2011 in accordance with IAS 39 In this regard, the Directors considered other factors such as past equity placing pricing and assessment of risked net present value of the enterprises to arrive at their conclusion on any impairment for all of the unquoted securities.

The QCC shares were valued at CAD$3 17 at 1 July 2010 Shareholder communications received during the year indicate that QCC has shifted its business focus towards a different mix of activities, in particular supporting the ORI business development, to those indicated in the financial model used to revalue the shares to CAD$3 17 from CAD$3 00 in June 2010 In view of this, a revised NPV calculation was performed, using all available information from QCC and ORI to determine whether there had been any material impairment to the carrying value of QCC shares as at 30 June 2011 Using discount rates ranging from 25% to 75% and a further probability rate of 35% to the projected cashflows, an impairment charge of CAD$1 97 per share was arrived at

Based on this, the Directors have concluded that the investment in QCC should be valued at CAD$1 20 per share as at 30 June 2011, resulting in an impairment charge of £4,617k Of this, £1,912k is recorded as a reduction in the revaluation reserve, and the remaining £2,705k is included in the loss for the financial year The total value of the QCC investment as at year end is £2,825k (2010· £7,388k)

The Paxton shares are currently valued at CAD$2.00 per share as a result of an impairment charge passed in the prior year, which reduced the value from CAD$3.00 per share The Directors are not aware of any arms length transactions in Paxton shares during the year In its financial statements and business review for the reporting period of 31 March 2011, Paxton reported considerable progress in its business activities and a cash reserve of CAD$6 0m which indicates that there has been no further impairment to the value during the period Based on this, the Directors have concluded that the Paxton investment should continue to be valued at CAD$2 00 per share as at 30 June 2011 The total value of the Paxton investment as at year end is £835k (2010 £827k)

3,682,500 Sparky shares were received by the Group on 8 June 2010 for nil consideration In order to determine the fair value of these shares, an enterprise NPV calculation was carried out on the most recent Sparky financial model and information made available by Sparky management at the time. This NPV calculation showed all income associated with the business over the next 25 years, broken down into various phases from the initial pilot tests to the full scale commercial operations. Applying a discount rate of 13% to the initial pilot tests, 60% to the first commercial project and, considering the risks and uncertainties associated with progression to the major commercial operations, excluding this phase from the valuation it gave a value for Sparky of CAD$1 26 per share

On 14 July 2010, the Group subscribed for an additional 2,000,000 shares in Sparky at a price of CAD$0.50 per share. Since the placing price was established on the basis of seed financing through existing shareholders and associates and not on the basis of a placing to third party institutional investors, these shares were subsequently revalued to CAD$1 26 per share in line with the valuation of the existing shareholding. The merger of Sparky and Optimal on 1 January 2001 resulted in the formation of ORI

During the current year, ORI management shared a number of economic models which provide a range of net present values for the shares from CAD$1 18 per share to CAD$1 57 per share Based on this and in view of the successful trials of ORI's 'Enhanced Oil Recovery' technology during the year, there appears to be no indication of an impairment to the current carrying value of ORI investment The Directors have therefore concluded that the 5,682,500 ORI shares held at 31 June 2011 should continue to be valued at CAD$1 26 per share The total valuation of the 5,682,500 (2010· 3,682,500) shares held in ORI is £4,578k (2010 £3,026k)

The Porient shares were received by the Group on 8 June 2010 for no consideration As Porient was then in its very early stages of development and was yet to be defined into a business with active projects, it had very little market presence or value Based on this, the Directors concluded that the investment should be fair valued on acquisition to its nominal value of CAD$0 001 per share As Porient is still in the early stages of its development, the Directors have concluded that the investment should continue to be valued at CAD$0 001 per share The total value of the Porient investment as at year end is £2k (2010· £3k).

During the prior year, as part of its financial plan to preserve cash resources, QCC issued warrants to the Board in lieu of Directors fees. On 2 January 2009, Ian Williams, a non-executive Director of QCC, received 18,889 warrants as part of this plan Each warrant entitles him to acquire one common share of QCC at a price of CAD$0 30 per common share One third of the warrants vested immediately upon grant date, a further one third of the warrants vested on 2 January 2010 and the remaining one third vested on 2 January 2011 All warrants must be exercised by 2 January 2014 Ian Williams transfers his QCC Director fees to the Company If all the warrants, granted to Ian Williams and transferred to the Company were exercised at the statement of financial position date, the Group s holding in the issued share capital of QCC would increase from 20 44% to 20 52% The total amount recognised in the statement of comprehensive income relating to these QCC warrants for the year ended 30 June 2011 is £1k (2010 £25k).

16 Investments in Subsidiaries

	Consolidated 30 June 2011 £'000s	Consolidated 30 June 2010 £'000s	Company 30 June 2011 £'000s	Company 30 June 2010 £'000s
Direct Investment				
Opening balance	-	-	16,979	16,979
Capital contribution	-	-	2,000	-
Closing balance	-	-	18,979	16,979
Loans to/from Subsidiaries				
Opening balance	-	-	4,645	
Reclassification	-	-	-	4,645
Purchase of Available for Sale Investments on behalf of subsidiaries	-	-	619	-
Amounts loaned to subsidiaries	-	-	583	-
Transfer of Available for Sale Investments from subsidiaries	-	-	(11,704)	-
Closing balance	-	-	(5,857)	4,645
Total	-	-	13,122	21,624

The Company tests investments annually for impairment, or more frequently if there are indications that they might be impaired. Impairment is based on the value in use of the subsidiaries The Directors performed a review of the value in use of the investments at 30 June 2011 by assessing the value in use of the financial assets and liabilities in the underlying subsidiaries. Based on this the Directors concluded that no impairment is necessary for the year ended 30 June 2011 Holdings in subsidiaries are detailed in note 27

17 Cash and Cash Equivalents

	Consolidated 30 June 2011 £'000s	Consolidated 30 June 2010 £'000s	Company 30 June 2011 £'000s	Company 30 June 2010 £'000s
Cash at bank	3,962	1,634	1,896	1,634
Short term deposits	-	-	-	-
Total	3,962	1,634	1,896	1,634

18 Trade and Other Receivables

	Consolidated 30 June 2011 £'000s	Consolidated 30 June 2010 £'000s	Company 30 June 2011 £'000s	Company 30 June 2010 £'000s
Other receivables	37	24	19	24
Receivable from related parties	158	188	158	188
Provision for doubtful debts	-	-	-	-
Total	195	212	177	212

There are no material differences between the fair value of trade and other receivables and their carrying values at year-end

Group receivables of £155k (2010 £191k) and Company receivables of £155k (2010· £191k) were past due but not impaired at year-end These relate mostly to receivables from related parties for which there is no history of default The ageing analysis of these receivables at the year-end is as follows

	Consolidated 30 June 2011 £'000s	Consolidated 30 June 2010 £'000s	Company 30 June 2011 £'000s	Company 30 June 2010 £'000s
Up to 3 months overdue	-	3	-	3
3 – 6 months overdue	-	-	-	-
6 - 12 months overdue	-	-	-	-
Over 12 months overdue	155	188	155	188
	155	191	155	191

19 Trade and Other Payables

	Consolidated 30 June 2011 £'000s	Consolidated 30 June 2010 £'000s	Company 30 June 2011 £'000s	Company 30 June 2010 £'000s
Trade payables	55	37	31	37
Employee benefits payable	7	20	4	20
Payable to related party	52	7	38	7
Accruals	34	63	19	63
Total	148	127	92	127

There are no material differences between the fair value of trade and other payables and their carrying values at year-end.

Trade payables as at 30 June 2011 amount to 19 days (2010: 21 days) of purchases made in the year. All trade payables balances are less than 30 days old

20 Share Options

Dilutive share options

On 15 February 2005, Zareba plc (now Quadrise Fuels International plc) granted 9,000,000 options to advisors with an exercise price of 1p each, which were subsequently consolidated to 900,000 shares with an exercise price of 10p each. 600,000 share options were exercised in November 2006 whilst the remaining 300,000 expired on 14 February 2010. The weighted average fair value of the options granted was 4.3p per share. A charge of £nil (2010: £nil) has been charged to the statement of comprehensive income for the year relating to these options.

On 22 March 2006, conditional on the flotation of QFI on the AIM on 19 April 2006, QFI granted 16,900,000 options to Directors, management and advisors with an exercise price of 20p each. 400,000 share options expired on 19 October 2011 with the remainder exercisable by 19 April 2016. The weighted fair value of the options granted was 3.4p per share. A charge of £nil (2010: £nil) has been charged to the statement of comprehensive income for the year relating to these options.

On 26 March 2007, QFI granted 1,500,000 options to two employees with an exercise price of 14.23p each. All share options must be exercised by 26 March 2015. The weighted fair value of the options granted was 5.7p per share. A charge of £nil (2010: £nil) has been charged to the statement of comprehensive income for the year relating to these options.

On 4 July 2007, QFI granted 5,250,000 share options to two Directors and two employees with an exercise price of 12p each. All share options must be exercised by 4 July 2015. The weighted fair value of the options granted was 6.5p per share. A charge of nil (2010: £0.3k) has been charged to the statement of comprehensive income for the year relating to these options.

Non-dilutive share options

On 11 December 2007, IFG granted, over its own shares in QFI, 12,000,000 share options to three Directors and three employees of QFI with an exercise price of 1p each. On grant date, 1,000,000 share options vested on award, with the remaining 11,000,000 share options vesting 50% on 31 December 2009 and 50% on 31 December 2010. During the prior year, the terms were modified such that the 11,000,000 share options vested immediately on 31 July 2008. This modification reduced the total fair value of the share options by £38k. All 12,000,000 share options must be exercised by 31 December 2016. The weighted fair value of the options granted was 7.0p per share. A charge of £nil (2010: £nil) has been charged to the statement of comprehensive income for the year relating to these options.

On 31 July 2008, ILG granted, over its own shares in QFI, 4,000,000 share options to two employees of QFI with an exercise price of 1p each. All share options must be exercised by 31 July 2017. The weighted fair value of the options granted was 3.8p per share. A charge of £nil (2010: £nil) has been charged to the statement of comprehensive income for the year relating to these options.

On 19 November 2008, ILG granted, over its own shares in QFI, 5,500,000 share options to two Directors of QFI with an exercise price of 1p each. All share options must be exercised by 31 October 2017. The weighted fair value of the options granted was 2.1p per share. A charge of £nil (2010: £nil) has been charged to the statement of comprehensive income for the year relating to these options.

Movement in the year:
The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year:

	Number 30 June 2011	WAEP (pence) 30 June 2011	Number 30 June 2010	WAEP (pence) 30 June 2009
Outstanding as at 1 July	45,150,000	9.83	45,450,000	9.83
Granted during the year	-	-	-	-
Expired during the year	-	10.00	(300,000)	10.00
Options outstanding as at 30 June	45,150,000	9.83	45,150,000	9.83
Exercisable as at 30 June	45,150,000	9.83	45,150,000	9.83

The weighted average remaining contractual life of the 45 2 million options outstanding at the statement of financial position date is 5.1 years (2010 6 1 years) The weighted average share price during the year was 4 33p (2010 3.25p) per share

The expected volatility of the options reflects the assumption that historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the options is based on historical data available at the time of the option issue and is not necessarily indicative of future trends, which may not necessarily be the actual outcome

The Share Option Scheme is an equity settled plan and fair value is measured at the grant date of the option.

21 Share Capital

The company has one class of ordinary share capital which carry no rights to fixed income, any preferences or restrictions.

	2011 £'000
Authorised	
1,000 000,000 Ordinary shares of £0 01 each	10,000,000
Issued and fully paid	
722,543,391 Ordinary shares of £0 01 each	7 225,434

Shares issued during the year

	Note	Share numbers	Share Capital	Share Premium
As at 1 July 2010		461,726,857	4,617,269	53,634,875
On 9 Sep 2010	(i)	87,500,000	875,000	-
On 4 April 2011	(ii)	85 816,534	858,165	2 145,413
On 30 June 2011	(iii)	87,500,000	875,000	-
As at 30 June 2011		722,543 391	7 225 434	55,780,288

(i) On 9 September 2010, the Company issued 87,500,000 shares at par value of 1p each
(ii) On 4 April 2011, the Company issued 85,816,534 additional shares at a value of 3 5p each
(iii) On 30 June 2011, the Company issued 87,500,000 shares at par value of 1p each

22 Revaluation and Other Reserves

Nature and purpose of other reserves

Revaluation reserve
The revaluation reserve is used to record increases in the fair value of available for sale investments and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity The reserve can only be used to pay dividends in limited circumstances

Reverse acquisition reserve
The reverse acquisition reserve arose on the reverse acquisition of Zareba plc (now Quadrise Fuels International plc) by Quadrise International Limited on 18 April 2006 as accounted for under IFRS 3

Share option reserve
The share option reserve is used to record the cumulative fair value of share options granted by the Company

23 Pension Commitments

For direct employees of Quadrise Fuels International plc, the Company contributes 7% of salary to a defined contribution pension scheme Pension cost to the Company for the year amounted to £21k (2010 £45k)

24 Derivatives and Other Financial Instruments

The Group's principal financial instruments comprise available for sale investments, cash balances, accounts payable and accounts receivable arising in the normal course of its operations.

The financial instruments of the Group and the Company at year-end are

	Consolidated 30 June 2011 £'000s	Consolidated 30 June 2010 £'000s	Company 30 June 2011 £'000s	Company 30 June 2010 £'000s
Financial assets				
Available for sale investments	**12,885**	11,269	**12,885**	1,134
Loans and receivables - Cash and cash equivalents	**3,962**	1,634	**1,896**	1,634
Loans and receivables - Trade and other receivables	**195**	212	**177**	212
Financial liabilities				
Other financial liabilities - Trade and other payables	**149**	127	**92**	127

Foreign currency exchange risk

The Group does not generally undertake foreign currency hedging. The majority of the Group's transactions are denominated in British pounds and it uses this as its reporting currency Exposure to any foreign exchange movements exists primarily in European, American and Canadian currencies.

The Group had available for sale investments in Canada amounting to £9,110k (2010 £11,269k) as at the statement of financial position date These investments are represented in Canadian dollars amounting to CAD$14,203k (2010 CAD$17,670k)

A 10% strengthening of the GBP against the CAD at the statement of financial position date would have decreased equity by £749k (2010 £1,103k) whilst a 10% weakening of the GBP against the CAD would have increased equity by £824k (2010 £1,156k) This analysis assumes that all other variables remain constant and would only occur if the available for sale investments were fair valued

The net monetary assets in other currencies at 30 June 2010 were USD$2k (2010 USD 287k)

A 10% strengthening of the GBP against the USD at the statement of financial position date would have decreased profit and loss by £0 1k (2010 £12k) whilst a 10% weakening of the GBP against the USD would have increased profit and loss by £0 1k (2010 £27k) This analysis assumes that all other variables remain constant

Interest rate risk

The Group has floating rate financial assets in the form of deposit accounts with major banking institutions, however, it is not currently subjected to any other interest rate risk

Based on cash balances at the statement of financial position date, a rise in interest rates of 1% will increase profit and loss by approximately £19k (2010 £16k) per annum

Liquidity risk

The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The Group takes liquidity risk into consideration when deciding its sources of funds

Credit risk

The Group had receivables of £195k at 30 June 2011 (2010 £212k), of which £155k (2010 £193k) was receivable from related parties, as mentioned in note 25 Receivables of £195k represent the maximum credit risk to which the Group is exposed A loan receivable from Quadrise Fuels US ("QFUS"), a related party, amounted to £155k (2010 £157k) at year-end Any risk associated with this balance has been mitigated by way of a promissory note received from the debtor Group receivables of £155k (2010 £191k) at the year-end were past due, however the Directors consider there to be no credit risk arising from these receivables.

Capital risk management

The Group defines capital as the total equity of the Group The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Fair value of financial assets and liabilities

There are no material differences between the fair value of the Group's financial assets and liabilities and their carrying values in the financial information

Borrowings Facilities

The Group had no external borrowing facilities as at 30 June 2011

25 Related Party Transactions

Executive Directors Ian Williams and Hemant Thanawala provided services under a service agreement with International Energy Services Limited ("IESL"), a subsidiary of International Energy Group AG ("IEG") the ultimate parent of Quadrise Fuels International plc The service charge for the year amounted to £175k (2010 £158k), out of which £69k (2010 £23k) was incurred for Directors' and employees' salaries and related costs, and £106k (2010 £135k) was charged for rent and other office costs Trade payables include £52k (2010 £7k) payable at the statement of financial position date to IESL relating to these services

Non-executive Director Laurence Mutch is also a Director of Laurie Mutch & Associates Limited, which has provided consulting services to the Group The total fees charged for the year amounted to £98k (2010 £24k), out of which £57k (2010 £nil) was for consulting services and £41k (2010 £23k) for non-executive Director fees. The balance payable at the statement of financial position date was £20k (2010 £5k).

Ian Dickels is also a Director of Ritoil Associates Limited, which has provided non-executive director services to the Group The total fees charged for the year related to non-executive Director fees and amounted to £36k (2010 £23k), with a balance of £7k (2010: £5k) payable at the statement of financial position date

Trade receivables of the Group include £155k (2010 £188k) receivable from other related parties, which consists of £155k (2010 £157k) from QFUS QFI has an agreement with the current shareholder of QFUS to hold a 76% interest in the entity in the future Transactions with related parties are unsecured and made at normal market prices The receivable from QFUS attracts interest at the US Prime rate plus 2% p a effective from the date of the advance until repayment in full of the advance

For the year ended 30 June 2011, the Company has recorded a provision for bad debt of £nil (2010 nil)

The Company and IEG, the majority shareholder in the Company, entered into a Relationship Agreement on 22 March 2006. Pursuant to the Relationship Agreement IEG has agreed to exercise its rights only as a shareholder of the Company, so as to ensure the Company is capable of carrying on its business independently of IEG In addition IEG has agreed that neither it nor any proposed Director who is a Director or employee of IEG will participate in the deliberations of the board of Directors of the Company in relation to any proposal to enter into any commercial arrangements with IEG or its associates.

QFI defines key management personnel as the Directors of the Company There are no transactions with Directors, other than their remuneration as disclosed in the Report of Directors Remuneration

26 Ultimate Parent Undertaking and Controlling Party

As at 30 June 2010, the Directors considered IEG, registered in Switzerland, to be the ultimate controlling party by virtue of a 59 01% direct shareholding. As at 30 June 2011, IEG's shareholding had been diluted to 42.91% due to the issuance for further ordinary shares throughout the year The directors now determine that there is no ultimate controlling party IEG is not required to prepare consolidated accounts in the current or prior year IEG's accounts are not publicly available

27 Subsidiaries

The financial statements include the financial statements of Quadrise Fuels International plc and the following subsidiaries

Name	Country of incorporation/registration	Percentage interest held and voting rights	Class of share held
Quadrise International Limited	United Kingdom	100%	Ordinary
Quadrise Limited	United Kingdom	100%	Ordinary
Quadrise KSA Limited	United Kingdom	81 25%	Ordinary
Quadrise Americas Limited	United Kingdom	81 25%	Ordinary
Quadrise Marine Limited	United Kingdom	81 25%	Ordinary
Quadrise Asia Limited	United Kingdom	81 25%	Ordinary

Quadrise Fuels International plc and its subsidiaries are involved in activities such as enhanced heavy oil recovery, conversion of heavy oil, refinery upgrade projects manufacture and sale of MSAR® to large energy consumers

28 Commitments and Contingencies

The Group and the Company had not entered into any finance or operating leases as at the statement of financial position date Additionally the Group and the Company have no capital commitments or contingent liabilities as at the statement of financial position date

29 Events After the End of the Reporting Period

On 1 August 2011, an agreement has been concluded with AkzoNobel for the purchase of the first commercial scale 1,000 tonnes (6,000 barrels) per day MSAR® Manufacturing Unit to be supplied to Quadrise International Limited.

On 3 August 2011, the Company appointed Westhouse Securities Limited as its broker with immediate effect

The service agreement with International Energy Services Limited ("IESL") for the provision of executive director services by Ian Williams and Hemant Thanawala expired on 30 June 2011 With effect from 1 July 2011 Ian Williams and Hemant Thanawala are employed by QFI in their capacity as executive directors.

30 Copies of the Annual Report

Copies of the annual report will be available on the Company's website at www quadrisefuels com and from the Company's registered office, Parnell House, 25 Wilton Road, London SW1V 1YD

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