quadrise
FUELS INTERNATIONAL PLC

Annual Report and Financial Statements 2015

Contents

Quadrise Fuels International plc

Annual Report and Financial Statements for the year ended 30 June 2015

Highlights

- Contracts executed with Mærsk Line A/S and CEPSA for the production of Marine MSAR® at CEPSA's San Roque refinery to supply the 4,000 hour seaborne Operational Trial Programme due to commence H1 2016. Completion of the Operational Trial Programme, to support the issue of LONOs by participating marine engine manufacturers, targeted end Q1 2017, leading to progressive development of supply sources and global commercial roll-out.
- In Saudi Arabia, the focus is now on a fast track 'production to combustion' demonstration pilot project, including an extended trial of MSAR® fuel firing at a 400MWe thermal power unit within a large power station complex. A refinery has been designated for the installation of an MSAR® manufacturing unit with commissioning anticipated by Q2 2016.
- The substitution of heavy fuel oil in oil refinery steam and power generation has been identified as an MSAR® target market in its own right, presenting an opportunity for refiners to reduce costs and potentially generate power and steam for external sale. Quadrise is currently leading a feasibility assessment with a mid-sized refinery and anticipating a pilot plant installation during H1 2016.
- Three specialist executive appointments during 2015 considerably strengthened Quadrise management in anticipation of the rapidly growing workload. Additionally, former specialist consultants have been converted to full time employees, and R&D facilities and capacity have been expanded and enhanced.
- The Group remains debt free, with £8.4 million in cash reserves at 30 June 2015, and has cumulative tax losses of £40.7 million available for set-off against future profits. Group operating costs were held within budget and funds available are expected to meet the Company's needs for the remaining phases of lead projects through to early continuous revenues.

quadrise FUELS INTERNATIONAL PLC

Company Registration No. 05267512

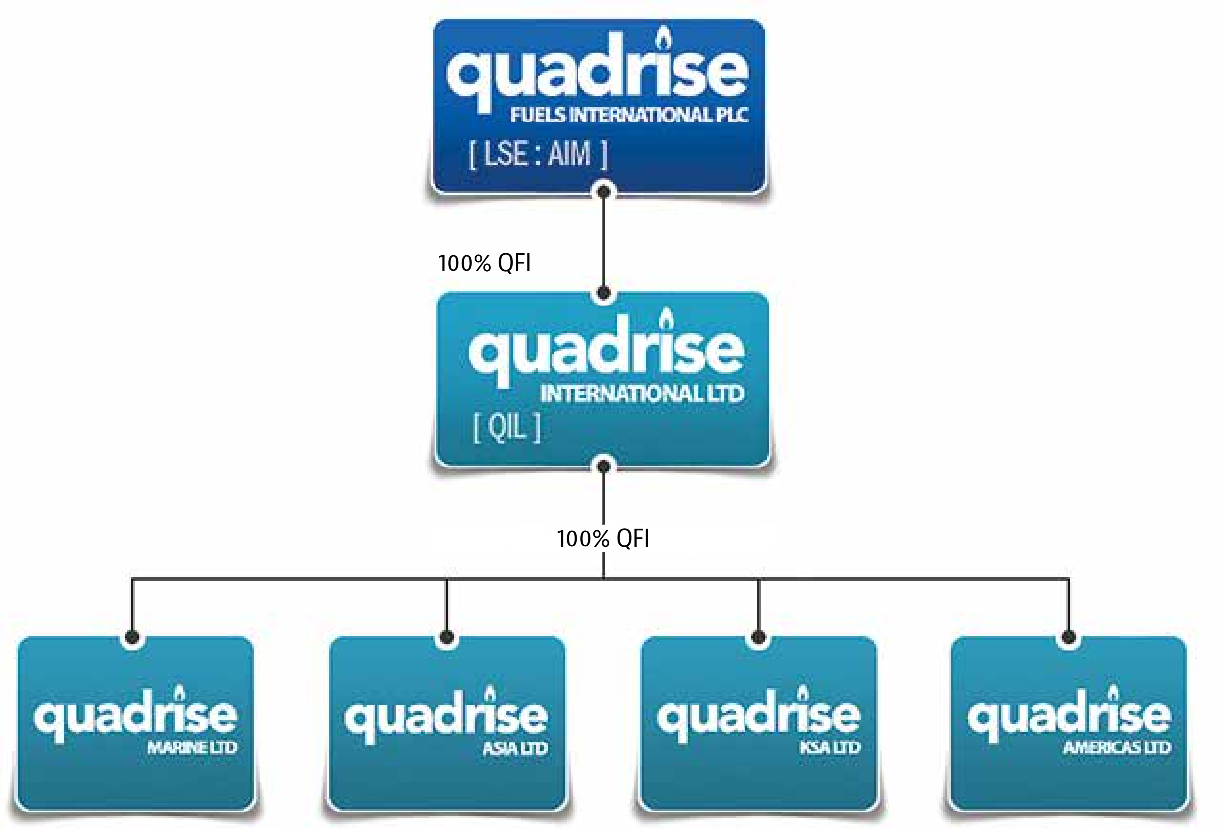
Company Statement

Quadrise Fuels International plc ("QFI") was listed on the London Stock Exchange AIM market in April 2006. QFI aims to be the premier global oil-in-water emulsion fuels company. Through our alliance with AkzoNobel, Quadrise has the capability to provide first class technology, services and MSAR® fuel products to our partners and customers.

Quadrise MSAR® fuels offer a low cost substitute for conventional heavy fuel oil ("HFO") for use in thermal and diesel power generation plants and in industrial and marine diesel engines. The worldwide HFO market exceeds 500 million tons, with a current value in excess of US$100 billion per annum.

Our management and board have extensive background and experience in the specialised energy sectors involved, and an unparalleled track record in commercial emulsion fuels development and supply in marine fuels, oil refining, power generation and general industrial applications.

Corporate structure



Quadrise MSAR® fuel

MSAR®: A proven, established technology

MSAR® technology draws on over 25 years of experience in the production of oil-in-water emulsion-based asphalts and fuels. A direct substitute for HFO, MSAR® fuel is establishing an enviable reputation as Quadrise engages with some of the largest corporations in the energy and transport sectors.

MSAR® is a direct low cost substitute for conventional Heavy Fuel Oil ("HFO") used in marine diesel engines, and for thermal power and steam generation. MSAR® technology is a potential game-changer for oil refiners as it frees up valuable distillates traditionally used for HFO manufacture, increasing profitability without incurring significant expenditure.

The global HFO market exceeds 500 million tons per annum, of which approximately one third is used in marine applications (as bunker fuel oil).

The potential market for MSAR® is substantial; Quadrise is focusing on two significant market segments:

- Marine MSAR®, a replacement bunker fuel, under joint development with A.P. Møller-Mærsk, the world's leading container shipping company.
- MSAR®, a replacement HFO for stationary applications: under joint development with several major oil and power generation companies globally.

MSAR® technology is modular and can be integrated into an oil refinery in under 12 months, with any necessary tie-ins being incorporated into scheduled maintenance shutdowns. The MSAR® fuel that is produced is:

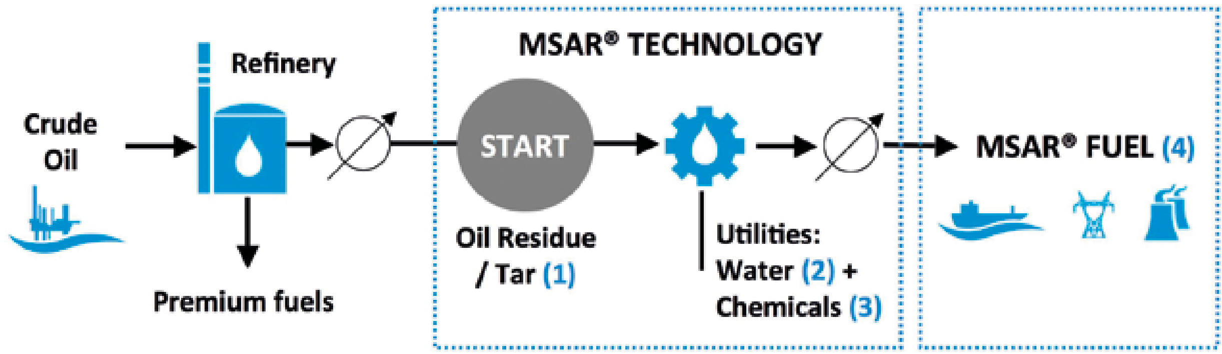
- extremely stable, with storage and handling possible at ambient conditions
- transported to end-users in the same way as HFO.

MSAR®: How it works:

The MSAR® production process is relatively simple:

1. Oil residues are taken from refinery rundowns and cooled to under 200°C to achieve the required viscosity (typically 300–500 centistokes).
2. Water, which can be derived from several utility or waste-water sources, is added to the residue.
3. Special surfactants and chemicals are added to stabilise the emulsion for long-term storage and transport, and to promote complete combustion.
4. The mixture is processed in a proprietary MSAR® unit to a high hydrocarbon content (typically 70%) oil-in-water emulsion.

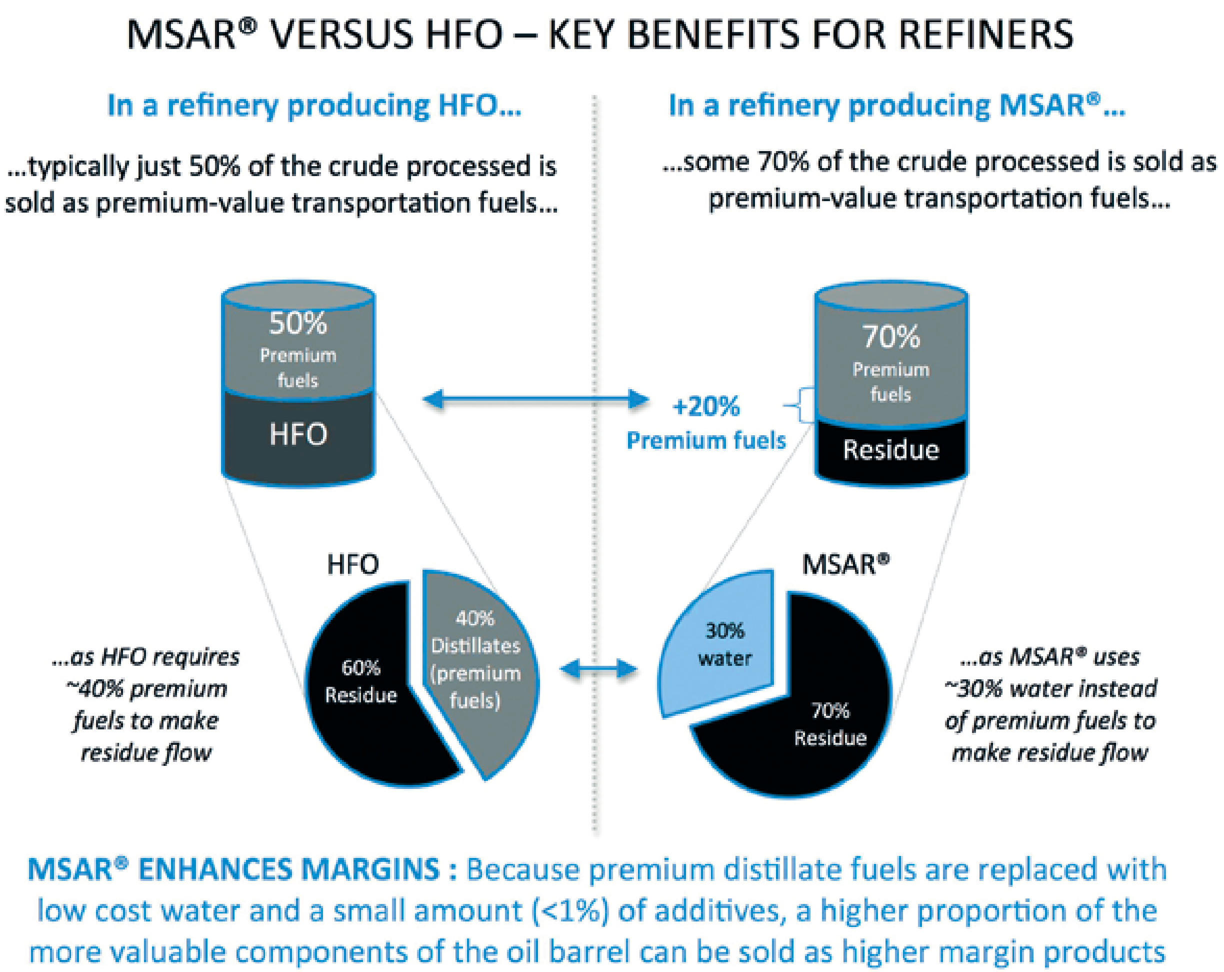
The MSAR® production process



MSAR® versus HFO: key benefits for end users

Compared with HFO, MSAR® fuel offers:

- typically 10–20% cost savings per unit of energy
- at least 20% lower NOx emissions. MSAR® is a pre-atomised fuel with a hydrocarbon particle size of 5–10 microns (atomised fuel oil droplets are typically 50–100 microns) and therefore has enhanced combustion properties
- lower energy consumption. Unlike HFO, MSAR® fuel can be handled at ambient temperature and generally does not need to be heated for viscosity control
- emissions of sulphur dioxide and carbon dioxide that are generally equivalent to those incurred from burning HFO.



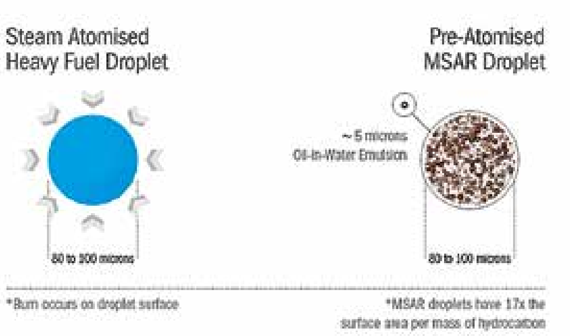
MSAR® and the environment

Lower energy

The MSAR® process transforms hydrocarbons that are solid at room temperatures into a product that can be stored and transported at ambient temperatures. As a result the energy requirements for handling and transporting MSAR® are lower than HFO, which is generally heated to temperatures of 50-100°C.

Lower NOx & PM (Black Carbon)

The emulsification of heavy fuels has been shown over the years to be the most effective way of simultaneously reducing particulate matter ("PM") that includes unburned carbon (also known as "Black Soot" or "Black Carbon") and nitrogen oxide ("NOx") emissions during combustion. MSAR® fuel is extremely stable, therefore it can be distributed optimally in the combustion zone. Water in the fuel immediately evaporates, causing secondary atomisation and reducing combustion temperatures, typically reducing NOx emissions by 20% or more.

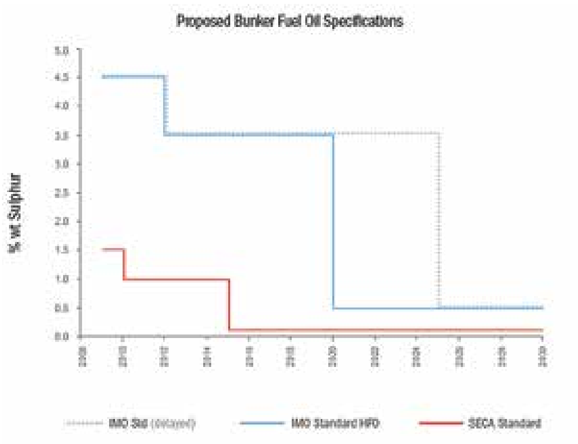


NOx gases are significant atmospheric pollutants that contribute to the formation of smog. NOx reacts with ammonia, moisture, and other compounds to form nitric acid vapour and related particles. Inhalation of these particles can cause respiratory disease and lung damage. Stringent targets therefore need to be met from utility and marine fuel consumers.

Black Carbon results from the incomplete combustion of hydrocarbon which associates with PM. Black Carbon is estimated to be 5–15% of shipping particulate emissions. It has the ability to warm the earth by absorbing heat in the atmosphere and reducing the ability, on deposition, for snow and ice to reflect sunlight. Studies indicate that unburned carbon particulate emissions are the second largest contributors to global warming.

Lowest CO_2 option to meet forthcoming marine specifications

Residual fuels have higher levels of sulphur and impurities than distillate fuels, such as gas oil or diesel. Therefore, where environmental legislation dictates, either emissions scrubbing equipment is required or a switch to a distillate or low sulphur fuel is needed for compliance purposes. This is especially relevant in the marine sector, where MARPOL fuel sulphur limits will reduce in the future:



The global debate currently is whether there will be sufficient distillate fuels available to meet this potential future demand. Refiners are questioning whether to invest in the necessary upgrading equipment, especially as the financial returns for these billion dollar investments are uncertain and the overall environmental impact (including increased CO_2 emissions) are worse from cradle to grave when compared with the status quo of HFO plus scrubbing.

At a macro level, any refinery converting to MSAR® technology increases the output of distillate hydrocarbons and reduces the amount of hydrocarbons in the conventional HFO 'pool'. The investment for MSAR® is several orders of magnitude less than the conventional upgrading alternative and the environmental impact for the refiner is significantly lower.

As some of the refinery cost savings for MSAR® versus HFO production can be passed to the consumer, the capital cost of installing scrubbing equipment can be subsidised. This concept of 'affordable compliance' guides Quadrise in commercialising MSAR® fuel.

Projects

Marine

Quadrise has joint development and royalty agreements with A.P. Møller-Mærsk to commercialise Marine MSAR® fuel, and a multi-company team has worked closely throughout the development process with major engine manufacturers and selected refiners.

In July 2014, Mærsk formally advised that Proof of Concept requirements had been satisfied, and this cleared the way for the extended seaborne "Operational Trial" required to provide performance data based on which engine manufacturers will, if satisfied, issue Letters of no Objection.

On 16 September 2015 contracts were executed between Quadrise International Limited, Mærsk Line and CEPSA to produce Marine MSAR® at the San Roque refinery adjacent to the Algeciras bunker hub servicing the EU/Med market. The timetable now anticipated will see the installation and commissioning of the first MSAR® manufacturing unit in mid H1 2016 subject to local and governmental permitting in Spain. The timetable is now contractually committed and the seaborne programme will commence as soon as the MSAR® fuel is available at San Roque/ Algeciras. The seaborne programme, based on 4000 hours of continuing engine service, will require some 10 months.

The LONO is the last remaining pre-condition to the commercial phase and progressive 'roll-out' to the first set of selected vessels.

Power

The business opportunity in the Kingdom of Saudi Arabia ("KSA") is the production of MSAR® fuel by Saudi refineries to replace potentially one third of the 30 million tons heavy fuel oil and crude oil currently used in thermal power generation. Power demand in KSA is growing very rapidly and the scale and potential of the opportunity are clearly exceptional.

By converting from heavy fuel oil to MSAR® in 'qualifying' refineries, large volumes of distillates would be released, adding significant value to refinery yields.

The KSA trial timetable targets installation of process plant in the designated major coastal refinery complex in time for commissioning in H1 2016. This should ensure MSAR® fuel is available for an extended combustion trial in a 400MWe generation unit at the nominated power station, which has coastal receipt facilities and an aggregate production capacity of over 5,000MW.

Refinery Refuelling

The Company has identified a refinery based line of business involving the substitution of conventional heavy fuel oil with MSAR® for the generation of steam and power within refineries, principally for their own use. Refining companies frequently have installed power generation capacity in excess of their own needs and, with reduced fuel costs, have the scope to earn revenues by generating and exporting power.

One such opportunity for a MSAR® pilot demonstration (production to combustion) has progressed with a mid-sized refining company. A detailed design feasibility study is underway in four phases, for completion and consideration in Q1 2016, and includes proposed commercial terms for implementation and future operations. The installation of plant and the initial demonstration will be managed by QIL and, on success, the MSAR® fuelling will be extended to several refinery based utilities on a progressive basis.

Other Opportunities under development

The PowerSeraya power project remains as attractive as ever, and we are confident that a 'manufacturing and supply chain' can be established to supply the Singapore bunker market. The participation of a local or regional refiner has yet to be negotiated but this should change with the advent of Marine MSAR® production. Having two marketing opportunities (marine and power) will encourage refiners still reluctant to install process plant based on single client supply.

There is also a potential Singapore availability link with the confidential on-going extended technical assessment programme with a Global Major which could provide the solution to the PowerSeraya supply chain. Quadrise remains convinced that there is sufficient attraction for both refinery and the power company to assure a positive future result. QIL and PowerSeraya have again agreed a 12 month extension to their Memorandum of Understanding.

Unsolicited approaches concerning projects in areas such as the Former Soviet Union, the Caribbean, Asia and Africa continue to be received. Where they have merit the Company has confirmed conditional interest.

Chairman's Statement and Business Review

I am pleased to present this Annual Report for Quadrise Fuels International plc ("Quadrise", the "Company", "QFI" and together with its subsidiaries, the "Group") for the year ended 30 June 2015 together with recent events.

Business Overview

The past year has been especially challenging for Quadrise on many fronts but, as advised to investors during September, very material progress has been made in our key programmes, and much of the future pathway to commercial operations is now contractually underpinned. The global oil price collapse, related delays in settling terms with key counterparties and legal constraints on interim disclosure combined with adverse stock market conditions clearly impacted investor confidence. While not as far advanced as had been planned and intended by this time, the Company is now more assured of progressing to the prime objective of sustainable commercial multi-source revenues than at any previous time.

The senior executive team of Quadrise International Limited ("QIL"), the 100% Group owned principal operating subsidiary company, has been considerably strengthened by selective recruitment, conversion of consultants to employees and organisational restructuring. The collective effort is focussed on business development – converting relationships and opportunities progressively to contracts, operations and revenue. In this regard the Quadrise capacity to perform and deliver has been very significantly enhanced and the Company is fully equipped and effectively structured to deliver the business programme. Whilst the near term focus remains the Marine MSAR® and Saudi Arabian ventures, both of which are assuming increased scale and complexity, the Company has identified and continues to selectively progress additional initiatives and projects to broaden the business base, and to add significant future value to the Group.

Quadrise clients are generally large companies that produce and consume heavy fuel oil ("HFO") in particular in the marine and power generation markets. Qualifying oil refiners can produce MSAR® fuel under licence using our technology and QIL's specialist services. By converting from 'conventional' processing the refiner increases its own margin and is able to supply former HFO consumers with a superior and cheaper fuel. These markets are very large with annual global HFO demand exceeding 500 million tons per annum with an aggregate value of over US$ 100 billion even at current low oil prices. The Marine market accounts for approximately 40% of this demand, most of which is 'open ocean' heavy bunker fuel oil.

Marine and power generation fuel oil consumers and the oil refining industry face unrelenting pressure to improve efficiency and reduce cost. Our technology offers a "win–win" proposition to these markets. Semi-complex oil refineries can step-change margins at very modest investment, whilst offering the MSAR® consumer cost and environmental benefits with performance efficiencies from improved combustion and lower emissions.

The Quadrise proposition remains attractive in conditions of both economic growth and recession and through a wide range of oil prices. Longer term economic trends and energy fundamentals continue to validate this proposition, as the demand for distillate transportation fuel is expected to remain relatively strong. While, directionally, a firm crude oil price tends to support the refiner's economics when converting to MSAR® production, the inter-product price spread is the principal driver of the Quadrise value-add. This is the price differential between residue-based fuel oil and distillate diesel fuel. A wider spread yields more value – and the global trend has been for growth in distillate demand to exceed that for fuel oil thereby widening the price differential – which is very positive for the Company's future margin prospects. Experience through 2015 has been that even when oil prices have entered a US$40 per barrel range, the economics of the Quadrise processing mode have remained both viable and relatively attractive. Informed industry forecasters and forward market price projections suggest a widening spread will

The Company is now more assured of progressing to the prime objective of sustainable commercial multi-source revenues than at any previous time.

remain a long term feature. The production of shale gas and shale oil, notably in North America, may well impact global oil and gas supply, demand, movements and prices, but is not expected to materially impact our longer term business opportunity in target markets.

In developing the Marine and Saudi MSAR® programmes, the Company has had to establish relationships with leading corporates in their respective industries. The scale and complexity has been challenging as Quadrise is required to work within our clients' programmes, standards and timetables. During the past year several new associations have been formed, especially within the refining industry and notably with Compañía Española de Petróleos S.A.U. ("CEPSA"), a leading oil company. While the pace of progress during 2015 did not fully meet prior expectations, valuable experience has been gained which should reduce lead times in future projects. A very positive emerging feature is the depth of enthusiasm which has built progressively within the refining, shipping and power companies involved with our programmes as they have gained confidence in the technical validity and economic promise of the Quadrise proposition.

The more important developments during the period under review have been:

1. Completion of the management resourcing programme to secure expertise and services through conversion of former consultants to employees, and recruitment of high calibre specialists to the newly created general management positions to provide capacity to create, manage and deliver the future business development plan.

2. Execution of the tri-partite Operational Trial and Collaboration agreements with Mærsk Line A/S ("Mærsk Line") and CEPSA which commit all parties to a programme intended to result in the issue of LONOs by marine engine manufacturers to provide the basis for the future development of the Marine MSAR® fuels market.

3. The agreed revision and extension of the Royalty Agreement between A. P. Møller-Mærsk A/S ("Mærsk") and QIL and its novation to Mærsk Line. The revision serves to further clarify the rights and obligations of both parties and commits them to work jointly in developing the market for Marine MSAR® and procuring its availability through qualifying refiners to serve both Mærsk Line and third party requirements at key global supply locations.

4. The designation by Saudi Aramco of the coastal refining complex and the power station and production units which will be used for the planned 'production to combustion' extended demonstration pilot programme scheduled now to commence in Q2 2016.

Financial Overview

The Group held cash and cash equivalents of £11.1 million as at 1 July 2014 following a successful equity placing raising gross £10.7 million which closed on 5 March 2014. Prior business plans underlying the 2015 budget and the associated medium term revenue and cash flow projections did forecast that the funds then held would be sufficient to take the company through to the sustainable revenue phase.

The slippage now affecting both programmes has had two principal effects, actual expenditure during 2015 fell below budget as activities were delayed, and the 'early commercial phase' with related continuous revenues will occur later in the planning period. The combination of these factors should assure that available funds meet requirements for the remaining pre-commercial phases of the lead programmes through to early continuous revenues. In the longer term, any substantial change to funding requirements are only likely to be associated with significant new business developments or a change in 'business' mode. In both cases it will be possible to assess and plan for any such requirements well in advance and, when

A very positive emerging feature is the depth of enthusiasm which has built progressively within the refining, shipping and power companies involved with our programmes.

doing so, to make judgements on the most appropriate form of funding (i.e. debt or equity) to use to balance risk and optimise shareholder interest.

The oil price collapse impacted directly on the prospective joint venture project with Ecopetrol in Colombia. With oil revenues falling, venture participation was declined by Ecopetrol, and Quadrise could not have gone forward without exposure to 'merchant plant' risk in any combination with third party venture partners. As the Group is not funded for this exposure in the near term it was decided to defer any further activity on the project and to redirect resources on developing refinery power and steam re-fuelling opportunities as a specialist sector. This has the added advantage of reducing the call for capital expenditure in the revised medium term business plan. Tight control has been maintained on all expenditure, and the year closed with costs and cash spend below planned levels. While, in principle, the policy of client contribution to pre-commercial costs continues, the Company has agreed on a selective basis to bear a greater share of pre-commercial costs where this will facilitate client commitment and reduce time to market. During the period under review the Operating and Corporate costs of £2.8m (2014: £2.4m) were well within budget. The loss for the year of £4.9m (2014: £5.9m) was in line with expectations in terms of managed operations, but was affected by a further fair value adjustment of £0.4m (2014: £1.0m) to the carried value of the Group's Canadian investments. A non-cash share option charge of £1.9m (2014: £1.9m) is also included in the loss for the year.

The Group continues to favour the 'Licence Mode' as the standard business model in the short term due to the limited capital funding requirements. This is the mode in which the refiner buys the MSAR® Manufacturing Units ("MMUs") and is licenced to use MSAR® manufacturing technology. In this mode QIL revenues are derived from fees, supplies and services. A variation or progression is to contract on a Joint Venture or "Toll Processing" mode in certain projects in which QIL or the Joint Venture owns and operates the MMU and charges a fee per ton to convert the refiner's heavy residue into MSAR® fuel. In the longer term the Company would logically aspire to apply the "Merchant Plant" mode. Here the Company would acquire the heavy residue from the refiner and convert it to MSAR® in our own facilities and sell the fuel directly to consumers. Aside from the funding required to develop the process facilities and related storage and services, in this mode the Company would also have to secure working capital. This generally accounts for a large share of the funds employed in a bulk fuels operation. By restricting ambitions to the licence mode in the early phase, the Company has progressed to the current stage at very modest cost in oil industry terms.

Tight control has been maintained on all expenditure.

Review of Directly Managed Interests

The principal Group business interests are managed by QIL which owns all associated rights and participations. Where required or advisable, subsidiaries of QIL have been formed to house interests in a particular geographic area or market, or provide for joint venture participations. In principle, the Group looks to simplify the corporate structure wherever possible and will limit the formation of new entities to circumstances where they are appropriate and add value.

All directly managed projects target the substitution of existing conventional fuels – presently consumed in large quantities – with Quadrise MSAR® fuels. The global marine bunker fuel oil market, some 200 million tons per annum, is a prime example. A very modest share converting to MSAR® fuel would represent a sizable business. The 30 million ton per annum market for thermal power generation fuel in the Kingdom of Saudi Arabia ("KSA") is also a major large scale fuel substitution opportunity. It is estimated that at least one third of this is potentially convertible to MSAR® fuels based only on domestic heavy refinery residue conversion – offering considerable advantage to all stakeholders. This creates an enormous value-add opportunity to the Kingdom, with the potential to make a very material contribution to alleviating growing pressures on the KSA energy costs. This capacity to reduce cost is certain to gain more attention as reduced oil sales revenue start to impact more forcefully on the KSA economy.

It is instructive that neither the marine nor the KSA power fuel markets need demand growth for large scale fuel substitution to be attractive. In reality, however, in both cases the market demand is growing and this is expected to continue. In the case of marine, it has become widely acknowledged that the impact of 'slow steaming' on aggregate global demand has run its course, and the marine bunker fuel oil market has again started to grow. KSA continues to have one of the highest levels of electricity demand per capita, and this looks set to continue.

The Group has continued to look for selective opportunities to broaden the portfolio. These often arise through initial enquiries which then lead to joint evaluations with oil majors and associated companies. The party concerned will generally pay Quadrise to determine the feasibility of creating saleable MSAR® fuels by modifying low value 'problem' heavy residue streams from oil and petrochemicals processing to add value and reduce cost. The resulting business development opportunity could serve to broaden the active project portfolio and reduce future dependence on major programmes such as Marine and KSA. In this context a number of prospective 'generic' opportunities are currently in evaluation including re-fuelling refinery steam and power generation.

Unsolicited approaches concerning projects in areas such as The Former Soviet Union, Asia and Africa continue to be received. Where they have merit the Company has confirmed conditional interest. The key provisos are that the basis of the relationship will be a joint venture, the prospective partner will fund the project with no recourse to QIL, and the Group contribution will be limited to technology and expertise in return for our share in the venture. Our expanded team has enabled more attention to be given to these introductions, and some related work is proceeding. However, 'select and focus' will remain the guiding strategy for some years to come. The Company continues to receive approaches from entities looking for co-investment in prospective 'toll processing' opportunities should these arise. No such commitments have yet been made.

Marine MSAR®

The Marine programme originated from a Quadrise presentation to an international marine fuels conference. Mærsk quickly recognised the potential of the MSAR® technology to reduce open ocean marine fuel costs (then 75% of fleet operating cost). A Joint Development Agreement ("JDA") was executed between QIL, Mærsk and AkzoNobel Surface Chemistry ("Akzo") to formulate Marine MSAR® fuel to meet the exacting requirements of marine diesel propulsion engines. The JDA provisions have guided the development process over the past four years. In January 2011 QIL entered into a marketing and royalty agreement with Mærsk which recorded principles and terms for commercial relationships then expected to follow the development phase.

At the outset standards and targets were established to qualify Marine MSAR® as a fit for purpose "standard" fuel acceptable for use by Mærsk (and other shipping companies). These included the ability to switch readily between fuel oil and/or marine diesel fuel and Marine MSAR®. These key requirements informed the basis used for the subsequent Mærsk Proof of Concept ("POC") assessment and the associated seaborne proving trials programme which was completed by mid-2014.

When formulated, Marine MSAR® fuel has to satisfy the stringent standards set by many industry stakeholders, and national, regional and global regulatory authorities. The sector is heavily regulated, having a high profile due to the impact of freight costs and services on a range of national and international economic interests. The shipping industry is also closely scrutinised on environmental matters, in particular combustion emissions and associated NOx (nitric oxide/nitrogen dioxide), SO_2 (sulphur dioxide) and carbon particulates (black soot). Mærsk is the biggest global container shipping company and largest marine fuels consumer. It has an enviable record for efficiency in operations and is an industry leader in environmental performance,

Neither the marine nor the KSA power fuel markets need demand growth for large scale fuel substitution to be attractive.

adoption of new technology, and continuous improvement. All of these features make Mærsk the ideal partner for the Quadrise Marine MSAR® development programme.

Gaining the endorsement of the major marine engine manufacturers is critical. The continuous development of very large vessel propulsion engines and their fuelling and management systems is focussed on optimising power and improving fuel performance. Qualifying fuels have to be proven in both land-based and seaborne operations to merit a Letter Of No Objection ("LONO") issued by the engine manufacturer without which no modern shipping company would consider using a new fuel in its fleet operations.

The multi-company team has worked closely throughout the development process with two major engine manufacturers, Wärtsilä and MAN Diesel & Turbo ("MAN"), and with selected refiners. Both manufacturers are industry leaders in technology development, and in combination account for the majority of engines installed in the Mærsk fleet, particularly in the most modern and largest container and crude oil carriers. This teamwork resulted in the formulation of Quadrise Marine "MSAR®2" fuel in late 2012 following an exhaustive series of trials. The fuel was then successfully stress-tested in the Wärtsilä state-of-the-art, multi-cylinder propulsion engine test facility in Switzerland, resulting in a very positive comprehensive report accepted by all stakeholders. The MSAR®2 formulation became the 'gold standard' for marine emulsion fuels leading to the seaborne POC programme during the last quarter of 2013 and into the first half of 2014.

The Wärtsilä and MAN seaborne POC programmes using Marine MSAR® fuel were completed by July 2014 with the very positive results clearing the way to proceed to the LONO phase. The key findings of the MSAR® fuel assessment programme were:

- Fuel stability and optimum handling considerations had been confirmed.
- Comprehensive testing had confirmed good engine and emissions performance on Marine MSAR® fuel.
- Seaborne operational tests were successful on both Wärtsilä and MAN two stroke propulsion engines.
- Experience during trials included manoeuvring tests and start/stop of engines according to class requirements.

In July 2014, Mærsk formally advised that the POC requirements had been satisfied, and given the quality of results, the JDA partners (Mærsk, Quadrise and Akzo) agreed to move forward as soon as practicable to generate an early return on the investment made during the period of joint development.

This cleared the way for the extended seaborne programme required to provide operating performance data on which the engine manufacturer would, if satisfied, base the issue of a LONO for the engine type concerned. The LONO is the last remaining pre-condition to the commercial phase and progressive 'roll-out' to the first set of selected vessels. The expectation is that circa 4,000 hours of performance data will be required to obtain the LONO. An interim evaluation may be made at 2,000 hours, but it is also possible that requirements could be extended by a further 2,000 hours.

When weighing alternative ways in which to move the marine programme forward in late 2014, the assurance of continuing bulk supply and efficient logistics systems in the 'post-LONO' phase of continuous commercial supply was seen to be more important than early fuel availability at higher unit cost just to deliver LONO certification. As a result the revised plan positioned the LONO programme as the first step of commercial 'roll-out', rather than the last step of the development phase. Provisional volume commitments relating to post LONO requirements and longer term contracts were

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also expected to benefit manufacturing and supply economics, as were related improvements in location based efficient bulk logistics systems. By adopting a medium term view this approach offered earlier assured availability of larger commercial volumes of Marine MSAR® fuel despite potential short term delays to the LONO programme.

The way forward then jointly agreed with Mærsk in Q4 2014 aimed to:

- Identify candidate refineries to supply Mærsk requirements in Europe.
- Select preferred partners and agree terms for Quadrise MSAR® Technology licensing and services contracts and for supply of Marine MSAR® by the refiner to Mærsk for both the LONO programme and (subject to contract) longer term requirements.
- Extend the availability of Marine MSAR® and selective fleet fuelling progressively to the Rest of the World ("ROW") on success.

The subsequent, and unforeseen, collapse in global oil prices then interceded as was explained in the Company's 2015 Interim Report issued on 30 March 2015. The direct impact of lower oil prices on Marine MSAR® economics is limited as the Quadrise process 'value–add' relates to the $ per ton 'spread' between the heavy fuel oil and diesel fuel prices which has remained relatively stable. However, the principal impact has been the delays experienced in engaging with refiners who were focussed on adjusting to the oil price collapse and associated implications for future oil economics and margins.

The Company was very pleased to report on 16 September 2015 that agreement has been reached and contracts executed between QIL, Mærsk Line and CEPSA to produce Marine MSAR® at the San Roque refinery for the extended seaborne "Operational Trial". The refinery is adjacent to the Algeciras "bunker hub" servicing the EU/Med market. Further contracts were signed relating to the 'post LONO' collaboration between QIL, Mærsk Line and CEPSA, and the basis of 'margin sharing' between CEPSA and QIL for the trial programme. Regulatory approvals for the installation of the MSAR® plant and associated oil processing and operations in refining sites have proved to be a material element of production lead time. While this was anticipated, when combined with the oil price related delays, the original aim of producing MSAR® for the LONO phase during 2015 will have slipped by up to 12 months. The timetable now anticipated will see the installation and commissioning of the first MMU at San Roque in mid-H1 2016, subject to local and governmental permitting in Spain. The LONO programme, based on 4000 hours of continuing engine service, will require some 10 months, following which certifications and approvals will be sought to allow as early a start to the 'roll-out programme' as possible. While the unanticipated delays have been frustrating for all stakeholders, the Company will benefit greatly from the participation, commitment and enthusiasm of CEPSA, as a first league refining company operating from a prime location for marine fuels supply. The extended period of the operational trial also provides an opportunity to further refine and de-risk the on-board fuel switching techniques and related hardware.

The revised plan positioned the LONO programme as the first step of commercial 'roll-out', rather than the last step of the development phase.

These developments provided an opportunity for Quadrise and Mærsk to further review the long standing Royalty Agreement and to introduce clarifications intended to smooth the way forward in the roll-out to the Mærsk Line fleet and the introduction of supply to other shipping companies. Terms include, inter alia:

- the commitment by both parties to the commercialisation of Marine MSAR® in the global marine fuels market subject to success with the Operational Trial and associated LONO certification, and
- a further extension of the expiry date of the agreement from 30 December 2022 to the tenth anniversary of first commercial MSAR® production following the Operational Trial.

Looking forward, developments affecting the shipping industry and marine fuels market continue to be positive for the global commercialisation of Marine MSAR®. While the low oil price has provided some relief on cost as such, competition between operators on major trade routes in containerised, bulk commodity and other cargoes remains as keen as ever. Majors look constantly for competitive advantage, and marginal players for the means to survive. The economic advantage of the MSAR® discount to fuel oil is very relevant, especially when coupled with the environmental benefits associated with both affordable scrubbing and carbon particulate emission mitigation.

On environmental matters the new 0.1% sulphur standards introduced on 1 January 2015 in the Emission Control Areas ("ECA"s) has had a direct effect on cost and led to certain suppliers offering a compliant 'fuel oil'. While sold at a discount to marine diesel, it is priced well above bunker fuel oil. In reality these fuels do not have a residual fuel base, but are largely formulated from heavy distillate components and seem to have found a place in the ECA market. A number of the leading operators in the ECA zones have also wisely invested in scrubbers, enabling the combination of lower fuel costs and technology to achieve compliance. As emissions scrubbing becomes an accepted means of ECA compliance, and the economics of the technology continues to improve, it should be possible in the future for operators to meet standards using a combination of Marine MSAR® and sulphur scrubbers. This combination should also ensure compliance on particulate emissions (black soot), reduce NOx and provide additional benefits from the efficient conversion of all carbon particulates to energy in the propulsion of the ship. Clearly, this way, compliance cost would be considerably lower than any alternative fuels priced to compete with diesel.

In the shorter term Quadrise and Mærsk Line are focussed on 'open ocean' fuelling where MSAR® will comply with current sulphur emissions standards. Because Marine MSAR® mitigates carbon particulate emission, the anticipated IMO 'black soot' emissions standards are not expected to pose many difficulties.

Also, as conversion to MSAR® will generally reduce NOx emission by more than 20% our fuel looks very well set to compete effectively in the medium term, given anticipated ever decreasing NOx standards. The next major milestone for marine fuel standards is the intended reduction of the 'open ocean' sulphur level from 3.5% to 0.5%. There is no date yet set for this change and industry consensus is that it is now unlikely to be before 2025. A major related issue is the availability of compliant distillate fuels in the quantities implied and the major impact of such a change, even if practically possible, on the cost of shipping. The more general expectation is that while sulphur levels may be moderated, regulators will permit emissions compliance by scrubbing for both sulphur and particulates. In such circumstances it appears that the combination of Marine MSAR® and sulphur scrubbing will represent the lowest cost compliance option for the larger shipping companies with the most modern propulsion engines.

While slippage in the programme for LONO certification of Marine MSAR® has been frustrating, the intervening time has been put to good use in the recruitment of additional personnel, conduct of an extensive programme of formulation and product development, and related expansion of the 'technical knowhow base'. The UK based Quadrise Research Facility has been expanded to serve also as the operations and service base for all active programmes. Where required, and when advantageous, activities have and will include design and fabrication of ancillary plant and specialised equipment which, combined with the MMU, comprise an MSAR® production facility.

Developments affecting the shipping industry and marine fuels market continue to be positive for the global commercialisation of Marine MSAR®.

The timetable is now contractually committed and the seaborne programme will commence as soon as the MSAR® fuel is available at San Roque/Algeciras. Mærsk Line liftings will be programmed to fit with vessel operating schedules and will continue until the required operating hours have been completed. Further activities will be informed by the Collaboration Agreement with commercial terms subject to contract.

As LONO requirements are met and other regulatory formalities are completed the early commercial phase will get underway. The first agreed joint objective will be to develop and progressively implement a programme to secure supplies to meet the Mærsk Line nominated requirements. These will be prioritised in terms of supply locations and volumes required. QIL and Mærsk Line are committed in terms of the Royalty Agreement to jointly use all reasonable endeavours to develop the commercialisation of Marine MSAR® in the global marine fuels market – fuelling both qualifying Mærsk Line and third party vessels. Priority will be given to Mærsk Line fleet requirements in the early years leading the way for others to follow. If all goes to plan, the rate of conversion and growth in demand from the shipping companies could develop rapidly through the period to 2020 and beyond. A relatively modest share of this large and growing market will provide a strong base underpinning the future expansion and development of the Company.

Saudi Arabia

The business opportunity in the Kingdom of Saudi Arabia ("KSA") is the production of Quadrise MSAR® fuel by Saudi refineries to replace heavy fuel oil and crude oil used in thermal power generation. Over 30 million tons of oil is consumed annually in this application, and it is estimated that currently at least one third of this requirement could be met by MSAR® fuel produced in KSA. Power demand in KSA is growing very rapidly and the scale and potential of the opportunity are clearly exceptional.

By converting from heavy fuel oil to Quadrise MSAR® production in 'qualifying' refineries, large volumes of distillates would be released, adding significant value to refinery yields and responding to consistently strong local market demand growth for high value distillates such as automotive diesel. The release of distillates whether for local market or value added exports, in the tonnages concerned, represents a very attractive production conversion and fuel substitution opportunity – potentially worth billions of dollars annually at a national level. Quadrise has invested a considerable amount of time and sustained effort to gain credibility and recognition within KSA with Saudi Aramco and power generation client organisations. This process has been very effectively supported by our Saudi partner, the Rafid Group, who have long established relationships in the oil and energy industries throughout KSA. Quadrise technology is approved for application within client refineries and there is a growing appreciation at senior levels that Quadrise MSAR® fuel technology can enable a step change in the 'integrated' cost of thermal power generation at a national level, positively contributing to a KSA strategic imperative. The mitigation of carbon particulate and NOx emissions is potentially a very valuable added benefit resulting from conversion of all hydrocarbon in MSAR® fuel into electrical power in the generating plants. The prospective elimination of accumulated carbon particulate which in some cases has to be trucked in bulk to remote disposal sites, represents a material further saving in fully costed power production.

The KSA organisations with whom QIL has been engaged are large and complex, with policies, practices and procedures associated with their scale and complexity. Several past initiatives to create a modest KSA demonstration and reference plant did lose momentum – possibly due to limited profile, lack of senior advocacy and the weight of other urgent priority projects. More recently, however, a more coordinated approach has led to confirmation of support at senior level and active advocacy of the proposed 'production to combustion' pilot demonstration plant project based on a fast-track limited scope programme submitted by QIL. One of the agreed objectives is to advance the application and evaluation of the technology in Saudi Arabia, in both the refining and power station contexts, to determine the fit and role of emulsion fuels in the future national energy strategy.

Power demand in KSA is growing very rapidly and the scale and potential of the opportunity are clearly exceptional.

The KSA trial timetable targets installation of the process plant in the designated major coastal refinery complex in time for commissioning in H1 2016. This should ensure MSAR® fuel availability in the quantities required for an extended combustion trial in a 400MWe generation unit at the nominated power station, which has coastal receipt facilities and an aggregate production capacity of over 5,000MW. Continuous supply to the trial boiler for an extended period will require a very effective supply and logistics operation, and QIL will be working on site at both the refinery and the power plant to guide and advise on all relevant aspects of the operations. Formal acknowledgement of all relevant aspects is a prerequisite to QIL commitment to longer lead items and related services.

> ***The short lead times and high value-add of refinery process conversion will offer rapid recovery of investment and exceptional returns.***

Quadrise has full confidence that this 'semi-commercial' extended demonstration project should meet all of the defined objectives and represent a 'break through event' for development of an extensive application programme in KSA. Aside from the process economics and distillate recovery in oil refining, there are expectations, as mentioned before, that the mitigation of carbon particulate emissions could have a further material impact on the operating costs of the Saudi Electricity Company ("SEC") large scale thermal power stations in KSA. Preliminary studies show that aside from any strategic considerations, there are sufficient economic advantages to handsomely reward both the refining and the power generation companies for conversion to manufacture and combustion of MSAR®. In practical terms, this is neither costly nor complex. Whether approached on a sequential basis or as an integrated programme, the short lead times and high value-add of refinery process conversion will offer rapid recovery of investment and exceptional returns for all stakeholders.

Conversion of the 5 million tons p.a. of fuel oil at the designated refinery alone would represent a large scale project with considerable proven benefits. The scope for 'roll out' within the KSA domestic refining industry has been previously identified in studies conducted jointly with the client. At a national level the availability of heavy residue from the client and joint venture refineries in KSA will limit the potential for MSAR® production to levels well below present thermal power generation requirements. The KSA economy could continue to benefit irrespective of the source of MSAR® and could potentially import at least a further 10 million tons annually from other sources as a 'finished product'- displacing heavy fuel oil imports to considerable financial advantage. In practice availability will, of course, be determined by demand. However, any enquiry from KSA for MSAR® imports would reasonably be expected to produce a positive response.

Shareholders should anticipate that confidentiality considerations may continue to limit the permitted release of information given the nature of the KSA programme.

Americas

No further action has been taken on the PEMEX front as the Mexican situation is in transition and it is not yet clear how far the changes in policy and practices could affect the feasibility and merits of reviving the Quadrise project.

The Colombian/Ecopetrol opportunity looked very prospective in terms of the final report of a joint feasibility study completed late in 2014. Despite the attractions of the project, Quadrise was advised by Ecopetrol in early 2015 that the impact of the oil price collapse on their future crude oil production margins and net cash revenues required the company to freeze all non-essential capital and operating expenditure in the refining, supply and marketing sectors. On this basis they would not be able to invest in the proposed JV and if it were to go ahead Quadrise would have to cover all costs and associated risk, either alone or with an approved partner. The Company is not funded for what would, in effect, be a "merchant plant" type operation which in the early years would also have to also fund its own working capital requirements due to the non-availability of trade finance for finished MSAR® fuel. On review it was decided to shelve the Colombian project pending a change in circumstances in the medium term when oil market conditions stabilise.

Asia

The YTL PowerSeraya Pte. Limited ("PowerSeraya") project opportunity remains as attractive as ever, but the Company has still not been able to secure the required source of heavy residue and participating local or regional refiner. We remain confident that this will change with the advent of Marine MSAR® production to supply the Singapore bunker market. Having two marketing opportunities (marine and power) will encourage refiners now still reluctant to install process plant, convert operations and add a new product stream based on single client supply. There is also a potential Singapore availability link with the confidential on-going extended technical assessment programme with a Global Major which could provide the solution to the PowerSeraya supply chain. Quadrise remains convinced that there is sufficient attraction for both refinery and the power company to assure a positive future result. QIL and PowerSeraya have again agreed a 12 month extension to the MOU which covers the basis for cooperation on developing a MSAR® supply chain for the Singapore power plant.

Refinery Power and Steam Re-fuelling

The Company has identified a refinery based line of business involving substitution of conventional heavy fuel oil with MSAR® for the generation of steam and power within refineries, principally for their own use. While these opportunities tend to be selective, indications are that they could aggregate to a substantial and meaningful business sector. Refining companies frequently have installed power generation capacity in excess of their own needs and, with reduced fuel costs, have the scope to earn revenues by generating and exporting power.

One such opportunity for a MSAR® pilot demonstration (production to combustion) has progressed with a mid-sized refining company. A programme is proceeding to finalise a detailed design feasibility study in four phases for completion and consideration in Q1 2016. This includes proposed commercial terms for implementation and future operations. It is intended that the implementation and initial demonstration will be managed by QIL and that on success the MSAR® fuelling will be progressively extended to fuel several refinery based utilities on a progressive basis.

It is intended that a listing of similar prospects be identified, and that a marketing programme be developed in which the current project could also serve as a reference plant. While these projects may individually be modest in scale, the economics look to be very attractive and are enhanced by simplicity of installation, short lead times and low cost intra-plant logistics.

The Company has identified a refinery based line of business involving substitution of conventional heavy fuel oil with MSAR® for the generation of steam and power within refineries, principally for their own use.

Global Oil Major

During 2012, QIL agreed to evaluate the conversion of certain residue streams associated with the proprietary technologies used in several large scale process plants of a Global Major. Quadrise is not permitted to disclose the name of the group concerned, but QIL has been successful in converting the residue streams arising from these processing operations into MSAR® fuels. The relationship is ongoing and the technical scope has been extended by agreement. Thus far results indicate that a Quadrise solution will offer a higher value route to market for the heavy hydrocarbons concerned and could potentially be an attractive production and marketing addition compared to their present practice.

The Global Oil Major may also be a potential supplier to the global marine fuels supply programme in several bunker hubs. Understandably, until such time as LONOs are issued stimulating the interest of major shipping companies and demand for Marine MSAR®, we do not expect the Global Major to seriously consider adoption of the technology and/or demonstration plant installations. That said, assuming the Marine programme proceeds as planned, we would expect a step-change in interest by oil majors in licensing the Quadrise technology in selected locations.

Board and Management

The Company has greatly benefitted from the continuity of service and high quality informed and professional contributions of our non-executive directors. Collectively they represent a very extensive base of experience across a range of specialised technical and commercial fields directly associated with the business, circumstance and ambitions of the Group. Relations within the board and between board and management are constructively open and frank, and continuous interaction and involvement is encouraged and valued.

The appointment of Mr Philip Snaith as an independent non-executive director was announced during October 2014. Philip brings a wealth of experience having had a successful career in the Royal Dutch Shell Group, progressing through a succession of international senior executive roles in oil refining, supply, trading and marketing.

Mr Laurie Mutch and Dr Ian Duckels continued to chair, respectively, the Audit and Compensation Committees. Their commitment to the maintenance of consistently high standards in all of the associated activities has continued and we thank them for their valuable contribution. Mr Snaith has agreed to serve and has been appointed to the Audit and Compensation Committees. While benefitting from his contribution, this also serves to spread the considerable load borne by his fellow non-executive directors over many years.

A key objective for 2014/5 has been to restructure the organisation and recruit in anticipation of the growing demands of the key business programmes. In doing so, considerations of creating cover, and a reserve of keys skills and competencies featured strongly, as did the need to relieve our ultra-active COO, Jason Miles, from the growing demands of day to day matters. Having established a very clear view on structure and specification for the new roles, candidates were targeted and appointees selected with a high level of confidence. While the process took longer than planned, the quality of the outcome has more than compensated.

The three key General Management roles, Power, Marine and Refining are now held by Sam Saimbi, Robin Lloyd and Mark Whittle respectively. All are very well equipped to meet the requirements in their specialised fields and, in combination with the COO and their other colleagues, have rapidly become a formidable and effective team.

An associated objective of the programme was to secure the full time services of selected contractors and consultants whose expertise, capabilities and continuity are very important in the delivery of services and technical and operational guidance to manufacturing sites and refinery management, supervisors and operators. This has also been achieved with the full time engagement of Bernard Johnston as Head of Operations and Paul Gunter as Programme and Quality Manager.

Business Associates and Partners

The Company continues to share cordial, constructive and supportive relations with the Akzo Nobel group in an association that dates back to 2004. The new contractual framework agreed late 2013 is working very effectively and the joint commitment to securing opportunities and commercialising MSAR® fuels remains strong notwithstanding frustrating delays. This reflects the strong conviction and shared belief within the combined team that the Quadrise MSAR® fundamentals are sound, the competitive advantage is assured and that the programmes will succeed. There is a very strong association and collaboration in the field of research and application and intellectual property development. While the new Quadrise Research Facility in the UK is managed

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by QIL, its programmes have been integrated with activities in the Akzo facilities in Sweden into a combined joint effort with priorities driven by Group business objectives.

In Marine Fuels our long standing association with Mærsk has been a key feature of the programme to date. It would not have been possible for Quadrise to even consider entry to the mainstream marine fuels market without a shipping industry partner. Mærsk, as a leader in many fields, distinguishes itself among the elite in the industry. Being a leader in innovation and adaptation Mærsk was uniquely placed to coordinate the Joint Development Process having long established relations with regulators, marine authorities, engine manufacturers and fuel suppliers. Their commercial motivation and associated objectives are a constant in all dealings which is a very good discipline. The recently announced novation and amendments to the Royalty Agreement between Quadrise and Mærsk Line reconfirm the commitment of both parties to work jointly to ensure the successful commercialisation of Marine MSAR® in the international marine market fuelling both Mærsk Line and third party fleets. The terms ensure that success should reward both parties equitably in all cases. The Quadrise Group is very appreciative of the contribution made by Mærsk over an extended period of preparation and the standard of technical and commercial professionalism they have introduced and maintained throughout. As matters now stand both companies can reasonably expect to reap the considerable prospective benefits of our joint efforts in the foreseeable future.

Rafid, our partner in KSA, supplies a range of specialised products and services to Saudi Aramco and other key industry and state organisations. Efforts and teamwork over the past year have further raised the profile of the "Quadrise opportunity" and improved access at senior level in the refining and power generation sectors. This has led to a new consensus on a pragmatic approach to delivering a commercial scale "production to combustion" pilot demonstration to prove all facets of the Quadrise technology while creating an accessible reference plant in KSA to facilitate familiarity and dispel scepticism. As a local business of considerable standing in the fields of technology and engineering, Rafid are able to engage with the largest state and private sector organisations to identify and actively promote Quadrise business opportunities.

Non-Managed Investments in Canada

The conditions leading to and following the oil price collapse have severely tested the remaining independent Canadian ventures. Anticipating this situation, the carried values have been progressively written down to a level at which they are no longer material for Quadrise shareholders.

Paxton Corporation (PC), in which the Company has a 3.8% interest, has unfortunately been severely affected by the impact of low oil prices on the Canadian oil and energy industries.

In the current year the Company decided, on advice and review, to write down the remaining carried value of Paxton Corporation following the withdrawal of Mærsk group support for the Clean Energy Systems ("CES") technology development programme. This withdrawal has created a funding crisis for CES and is likely to lead to insolvency. The 30% equity interest in CES was previously seen to offer some prospect of access to value for Paxton shareholders. The recent developments now render that expectation highly improbable. QFI now carries this interest at CAD$ nil.

Quadrise Canada Corporation ("QCC"), where the Company has a 20.4% shareholding, is effectively operating on a 'care and maintenance' basis with very limited remaining resources. QFI carries this holding at CAD$ nil

Optimal Resources Inc. ("ORI"), in which the Company has a 9.5% interest, had no success in securing a partner for its Enhanced Oil Recovery ("EOR") technology. It has more than CAD$8 million in accumulated tax losses but to monetise value is problematic. QFI carries this holding at CAD$ nil.

Future Outlook

As anticipated in the 2015 Interim Report, the lead Marine and Power programmes have both moved forward to a stage where the road ahead and the respective timetables are firming up with involvement and support from an expanded set of respective stakeholders. In this regard the relationship with CEPSA and the collaboration with the KSA refining company and the power generator, all signal a long anticipated change and increased assurance of project implementation and timing. The early addition of a prospective refinery power and steam re-fuelling project is also most encouraging.

The oil price uncertainties are expected to destabilise the oil and energy sector for some time to come, but this is not expected to have any further material effect on our principal programmes in terms of feasibility or incentive for adoption of MSAR® technology which have remained robust and considerable. On the contrary, the perceived additional risk of investment in conventional high cost refinery upgrading projects to improve distillate yields could well encourage other refiners to follow the CEPSA lead and closely evaluate the Quadrise MSAR® technology alternative. A common objective for refiners, shipping companies and power generators will be to identify and adopt low cost technology which reduces cost and improves efficiency to ensure competitive advantage and, in some cases, survival. For qualifying refineries and power plants Quadrise may offer the best solution, and we are now very well resourced to engage with credibility and to demonstrate the merits of our case.

The Company is now better placed than ever before to make the transition to operations and revenue, and that is the prime objective of the directors and management for the years ahead.

Ian Williams
Executive Chairman
9 October 2015

Financial Review

Overview

Given the impact of the oil price collapse and, in turn, the associated delays in our key programmes, strong treasury management and cost control has been a key feature of the financial management of the Group during the year. Both production & development costs and administration expenses were maintained well within the approved budgets, with greater emphasis being placed on enhancing the management resource base and making further investment to build up our research, development and service facility to meet the future needs of our key programmes as they transition from the development into the commercial phase.

As stated in the Chairman's Statement, despite the consequences and impact of the oil price collapse within the sectors the Group is involved in and the clients it is engaged with, it has continued to make considerable tangible progress on a number of fronts during the financial year and the period since. Particular attention was paid to not only stress-test the economic and commercial viability and attractiveness of our MSAR® fuel in a possible future world of low oil prices but to also provide the necessary assurances and confidence to our clients and other stakeholders to move forward with the key programmes.

Results for the Year

The consolidated after-tax loss for the year to 30 June 2015 was £4.9m (2014: £5.9m). This included a charge of £404k (2014: £1.0m) for adjustments to available for sale investments, general administration expenses of £1.5m (2014: £1.7m), production and development costs of £1.3m (2014: £0.7m), a share option charge of £1.9m (2014: £1.9m) and interest and other income of £233k (2014: £122k).

Basic and diluted loss per share was 0.61p (2014: 0.74p).

Statement of Financial Position

At 30 June 2015, the Group had total assets of £12.6m (2014: £16.3m). The most significant balances were intangible assets of £2.9m (2014: £2.9m), property, plant and equipment of £0.7m (2014: £0.6m), and cash of £8.4m (2014: £11.1m), and available for sale investments of £nil (2014: £1.4m). 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 £8.4m of cash and cash equivalents (2014: £11.1m) with £2.7m having been utilised in its operating activities during the year (2014: £2.3m). The Group continues to remain debt free.

Capital Structure

The Company had 809,585,162 ordinary shares of 1p each in issue at 30 June 2015. The Company's current issued share capital stands at 809,585,162 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 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

The Group has tax losses arising in the UK of approximately £40.7m (2014: £34.8m) that are available, under current legislation, to be carried forward against future profits. £11.2m (2014: £8.3m) of the tax losses carried forward represent trading losses within Quadrise

Fuels International plc, £25.8m (2014: £23.7m) represent non-trade deficits arising on intangible assets within Quadrise International Limited, £1.7m (2014: £1.2m) represent pre-trading losses incurred by subsidiaries, £1.9m (2014: £1.5m) represent management expenses incurred by Quadrise International Limited, and £0.1m (2014: £0.1m) represent capital losses within Quadrise Fuels International plc.

Outlook

The key objectives for the current year are to establish our MSAR® manufacturing facilities at CEPSA to commence the extended 'Operational Trial' with Mærsk Line and in the designated Saudi refinery to commence the 'semi-commercial' demonstration at the designated Saudi Electricity Company power plant. The success of both will potentially unlock two major markets for our MSAR® fuel as we transition into the commercial phase.

At the same time, other initiatives such as the refinery refuelling project, converting and testing high viscosity residue streams for the Global Oil Major, engaging with additional candidate refineries for Marine MSAR® production and establishing links in other material oil-based thermal power markets will also continue to receive attention.

Close attention to the Group's treasury and effective financial management remains a firm ethos of the Board and management of the Group and, based on the current plans and expectations, the cash resources of £8.4m at the year end should carry the Group well through what is now considered to be the 'final leg' of the development phase.

Hemant Thanawala
Finance Director
9 October 2015

Strategic Report
For the year ended 30 June 2015

Principal Activity

The principal activity of the Company is to develop markets for its proprietary emulsion fuel ("MSAR®") 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.

Key Performance Indicators

The Group's key performance indicators are development and commercial performance against Group business plans and project timetables established with clients, and financial performance and position against the approved budgets and cashflow forecasts. The Board regularly reviews the Group business plans, project timetables, budgets and cashflow forecasts in order to optimise the application of available resources. Consideration of the Group's performance against Key Performance Indicators is contained in the Chairman's Statement on pages 7–19 of this report.

Going Concern

The Group had £8.4m in treasury as at 30 June 2015. Having conducted a full review of the updated business plan, budgets and associated commitments at the year end, the Directors have concluded that the Group has adequate financial resources to continue in operational existence for at least the forthcoming year and therefore continue to adopt the going concern basis in preparing the accounts. Refer to Note 3 for further details.

Principal Business Risks

Set out below are certain risk factors relating to the Group's business. However, these may not include all of the risk factors that could affect future results. Actual results could differ materially from those anticipated as a consequence 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 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 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 feedstock 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, targeting qualifying suppliers matched to prospective major consumers.

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. Experience during early 2015 demonstrated that the price spread between heavy fuel oil and diesel fuel was relatively robust while crude oil prices collapsed. As this price spread drives the Quadrise 'value-add', the structure of the oil products market itself mitigates the principal margin risk.

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, offtake arrangements and price risk management through hedging.

Technological risk

There is a risk that the technology used for the 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.

Delay in commercialisation of MSAR® and funding risks

There is a risk that the commercialisation of MSAR® could be delayed further due to unforeseen technical and/or commercial challenges. This could mean that the Group may need to raise further equity funds to remain operational. Depending on market conditions and investor sentiments, there is a risk that the Group may be unable to raise the requested funds when necessary. The Group mitigates this risk by maintaining strong control over its pre-revenue expenditure, keeping up the momentum on its key projects as far as possible, and maintaining regular contact with the financial markets and investor community.

Competition risks

There is a risk that new competition could emerge with similar technologies sufficiently differentiated to challenge the AkzoNobel process. This could result, over time, in further price competition and 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 combined with an enhanced R&D programme aimed at optimising cost and performance and protection of intellectual property. The Group also makes best use of scarce expertise by developing close relationships with strategic counterparties while ensuring that key employees are suitably incentivised.

Dependence on key personnel

The Group's business is dependent on obtaining and retaining the services of key personnel of the appropriate calibre as the business develops. The appointment in 2015 of three General Managers into a revised organisation structure and the conversion of former consultants to key full time posts has reduced risk and equipped the Company to meet future demands. The success of the Group will continue to be dependent on the expertise and experience of the Directors and the management team, and the loss of personnel could still have an adverse effect on the Group. The Group mitigates this risk by ensuring that key personnel are suitably incentivised and contractually bound.

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 the 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.

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.

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. Additionally, functioning as a publicly listed Group requires compliance with stock market regulations. The group mitigates this risk through commitment to a high standard of corporate governance and 'fit for purpose' procedures, and by maintaining and applying effective policies.

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.

Ian Williams
Executive Chairman
9 October 2015

Directors

Ian Williams Executive Chairman
Ian joined the Masefield Group in 1999 with responsibility for the development and management of business ventures. He led the strategy to secure the portfolio of assets and business interests that culminated in the formation of International Energy Group AG. 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 – in which capacity he was a member of the Shell global Downstream Oil Steering Committee. Ian was a founder and Executive Chairman of Nautical Petroleum plc and Chairman of Wilton Petroleum Limited.

Hemant Thanawala Finance Director
Hemant is a Chartered Accountant with over 25 years' professional and commercial experience. Hemant joined the Masefield Group, an international oil trader, as Chief Financial Officer in 2001. He was also a founder of Nautical Petroleum Plc which was listed on AIM until acquired by Cairn Energy Plc in 2013. 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.

Jason Miles Chief Operating Officer
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 tons. 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).

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 had 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 , 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 5 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, Democratic Republic of Congo 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.

Philip Snaith Non-Executive Director

Philip Snaith was appointed to the board of Quadrise with effect from 8 October 2014. Philip has spent more than 35 years with the Royal Dutch Shell group in senior executive positions, latterly as General Manager of Shell International Trading & Shipping Company Limited in London, retiring from the group in 2010. Between 2004 and 2008 Mr. Snaith spent four years in Singapore as president of Shell International Eastern Trading Company – with responsibility for Asia-Pacific trading portfolio. Concurrent with this executive position, Mr. Snaith was a non-executive director of Shell Eastern Trading Company (Pte) Ltd, a refining, marketing, supply and trading company with annual revenues of around US$55 billion, and was also Chairman of both Shell Tankers Singapore (Pte) Ltd and Shell International Shipping Services (Pte) Ltd. Mr. Snaith holds an MBA from Cranfield University, a B.Sc. (Physics) from Imperial College, London and a Diploma in Marketing (Dip M) from the UK Chartered Institute of Marketing. Mr Snaith is currently a partner of PSI Energy.

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 2015.

Results and Dividends

The consolidated loss from continuing operations after taxation for the year ended 30 June 2015 was £4.9m (2014: £5.9m), including a £404k (2014: £1.7m) non-cash amortisation and impairment charge for intangible assets and fair value adjustment to available for sale investments. The Directors do not recommend the payment of any dividend for the year (2014: £nil).

Directors

Those who served as Directors during the year are:

- Ian Williams (Executive Chairman)
- Hemant Thanawala (Finance Director)
- Jason Miles (Chief Operating Officer)
- Ian Duckels (Non-executive Director)
- Laurence Mutch (Non-executive Director)
- Dilipkumar Shah (Non-executive Director)
- Philip Snaith (Non-executive Director) – appointed 8 October 2014

Resolutions to re-elect Laurie Mutch and Ian Duckels as Directors will also be proposed at the Annual General Meeting. Both of these directors retire by rotation.

Directors' Interests

The interests of the Directors holding office at 30 June 2015 were as follows:

Number of Shares held:

Directors	30 June 2015 Ordinary Shares of 1p each	30 June 2014 Ordinary Shares of 1p each
Ian Williams [1]	30,090,144	11,616,104
Hemant Thanawala[2]	28,210,553	7,863,400
Ian Duckels[3]	3,817,460	3,817,460
Jason Miles	2,880,633	637,007
Laurence Mutch	Nil	Nil
Dilipkumar Shah	Nil	Nil
Philip Snaith	Nil	Nil

Notes:

1 Entities owned by Tile House Trust, of which Mr Williams is a beneficiary, hold 20,693,564 Ordinary shares of 1p each. Mr Williams has a direct interest in 9,396,580 Ordinary shares of 1p each.

2 Including 20,347,153 Ordinary Shares held by Lucrone Investments GmbH, a company in which Mr Thanawala has a beneficial interest.

3 The shares of Ian Duckels are held in the name of TD Direct Investing (Europe) Limited.

Number of share options held:

Directors	30 June 2015 Share options	30 June 2014 Share options	Exercisable up to
Ian Williams	1,500,000	1,500,000	19 April 2016
	1,000,000	1,000,000	30 November 2017
	5,000,000	5,000,000	1 April 2022
Hemant Thanawala	2,000,000	2,000,000	19 April 2016
	1,000,000	1,000,000	30 November 2017
	3,500,000	3,500,000	1 April 2022
Jason Miles	-	750,000	26 March 2015
	2,500,000	2,500,000	31 December 2016
	2,500,000	2,500,000	31 October 2017
	5,000,000	5.000,000	1 April 2022
Laurence Mutch	350,000	350,000	19 April 2016
	3,500,000	3,500,000	1 April 2022
Ian Duckels	1,500,000	1,500,000	1 April 2022
Dilipkumar Shah	500,000	500,000	1 April 2022

A total of 23.5 million share options were granted by International Energy Group AG ("IEG"), over its own shares in QFI, to three existing QFI Directors and one current QFI employee, as well as two former QFI Directors and two former QFI employees. Of these, 5.5 million were exercised during the financial year (2014: 6 million) and 11 million remain outstanding. The outstanding share options are included in the table above where applicable. 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
Intertrust Trustees Limited	Direct	56,137,771	6.93%
Ruudowen Limited	Direct	54,738,353	6.76%
Phibatec Limited	Direct	51,562,500	6.37%
International Energy Group AG	Direct	38,943,515[1]	4.81%
Anthony Lowrie	Indirect	31,521,705	3.89%
Ian Williams	Direct/Indirect	30,090,144	3.72%
Hemant Thanawala	Direct/Indirect	28,210,553	3.48%
The Anthony Davies Will trust	Direct	27,993,288	3.46%
Orangefield Corporation Trustees (Mauritius) Limited	Direct	25,781,250	3.18%

Note:

1 With reference to the 11 million share options granted by IEG and currently outstanding, 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 38,943,515 ordinary shares to 27,943,515 ordinary shares and the percentage interest from 4.81% to 3.45%.

Events After the End of the Reporting Period

On 14 September 2015, Quadrise International Limited, a wholly owned subsidiary of QFI, executed agreements with Compañía Española de Petróleos S.A.U. ("CEPSA") Mærsk Line A/S ("Mærsk Line") and A.P. Moller-Mærsk A/S ("Mærsk") for the Operational Trial Programme to provide the basis for the issue of Letters of No Objection ("LONOs") by participating marine engine manufacturers. The Operational Trial includes the supply, installation and commissioning of a Quadrise MSAR® Manufacturing Unit at the CEPSA San Roque refinery near Gibraltar.

Financial Instruments

The Group's principal financial instruments comprise cash balances and other payables and receivables that arise in the normal course of business. The risks associated with these financial instruments are disclosed in note 24. The Group's financial risk management objectives and policies are set out in note 2.21 to the financial statements.

Research and Development

The Group continues to invest in research and development associated with the design and manufacture of MSAR® proprietary emulsion fuel. Further information regarding the research and development activities of the group is contained in the Chairman's Statement on pages 7–19 of this report.

Directors' Liabilities

Subject to the conditions set out in the Companies Act 2006, the Company has arranged appropriate Directors' and Officers' liability 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, each Director has taken all the steps that he ought to have taken 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 34–35.

Annual General Meeting

The Annual General Meeting will be held on Friday 27 November 2015 as stated in the Notice, which accompanies this Annual Report.

By order of the Board.

Audrey Clarke
Company Secretary
9 October 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 Strategic Report and 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 website 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.

Ian Williams
Executive Chairman
9 October 2015

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 and is guided by an approved remuneration policy and takes into account relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. The Compensation Committee additionally links part of key management remuneration to the Company's financial and operational performance.

No bonus awards were made to key management during the year.

Details of the nature and amount of each element of the emoluments of each member of Key Management for the year ended 30 June 2015 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 2015 £'000s	Total 2014 £'000s
Ian Williams	154	31	-	-	-	185	173
Hemant Thanawala	129	10	-	-	-	139	133
Jason Miles	216	11	-	-	-	227	214
Ian Duckels	32	-	-	-	-	32	33
Laurence Mutch	85	-	-	-	-	85	109
Philip Snaith	20	-	-	-	-	20	-
Dilipkumar Shah	-	-	-	-	-	-	-
TOTAL	636	52	-	-	-	688	662

Reconciliation of Share Options Granted to Directors

	30 June 2015 Number of share options	30 June 2014 Number of share options
As at 1 July	**30,600,000**	18,000,000
Granted during the year by QFI	**-**	19,000,000
Exercised during the year	**(750,000)**	(6,400,000)
As at 30 June	**29,850,000**	30,600,000

A gain of £36k was realised on the exercise of share options by Directors during the year (2014: £51k)

The market price of the Company's shares at the end of the reporting period was 12.75p (2014: 31.00p) and the range during the year was 10.75p to 42.5p (2014: 10.62p to 49.00p) per share.

Ian Duckels
Chairman of the Compensation Committee
9 October 2015

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"). 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, is also a non-executive Director in the Company.

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, all directors attended at least 75% of quarterly meetings held during 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, overall good governance 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 members are Laurence Mutch and Philip Snaith. 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 works within the framework of a Compensation Policy approved by the Board.

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 responsibility for running the Company and no Director participates in discussions about his own remuneration.

UK Bribery Act 2010

The Board has established a Bribery Policy, signed by all Directors, to achieve compliance with the UK Bribery Act 2010, which came into effect on 1 July 2011. A training programme is in place for all Directors, staff and contractors. Agreements with third parties contain statements that the Company and its associates are required to adhere at all times to 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
9 October 2015

Independent Auditor's 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 2015 which comprise of the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Statement of Cash Flows, the Group and Parent Company Statement of Changes in Equity and the related notes.

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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 Chairman's Statement, Financial Review, Strategic Report, Directors' Report and any other surround information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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.

Leo Malkin
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor

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

9 October 2015

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 2015

	Notes	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Continuing operations			
Revenue		**66**	-
Other income	5	**39**	51
Production and development costs		**(1,268)**	(720)
Amortisation of intangible assets	14	**-**	(685)
Adjustment to available for sale investments	15	**(404)**	(1,006)
Other administration expenses		**(1,540)**	(1,690)
Share option charge	20	**(1,914)**	(1,924)
Foreign exchange loss		**(3)**	(3)
Operating loss	6	**(5,024)**	(5,977)
Finance costs	9	**(7)**	(6)
Finance income	10	**56**	7
Loss before tax		**(4,975)**	(5,976)
Taxation	11	**72**	64
Loss for the year from continuing operations		**(4,903)**	(5,912)
Other Comprehensive Income			
Adjustment to available for sale investments – will be recycled subsequently to profit and loss.	15	**(1,035)**	(186)
Other comprehensive loss for the year net of tax		**(1,035)**	(186)
Total comprehensive loss for the year		**(5,938)**	(6,098)
Loss for the year attributable to:			
Owners of the Company		**(4,898)**	(5,835)
Non-controlling interest		**(5)**	(77)
Total comprehensive loss attributable to:			
Owners of the Company		**(5,933)**	(6,021)
Non-controlling interest		**(5)**	(77)
Loss per share – pence			
Basic	12	**(0.61)p**	**(0.74)p**
Diluted	12	**(0.61)p**	**(0.74)p**

Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	As at 30 June 2015 £'000	As at 30 June 2014 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	710	612
Intangible assets	14	2,924	2,924
Available for sale investments	15	-	1,439
Non-current assets		3,634	4,975
Current assets			
Cash and cash equivalents	17	8,361	11,081
Trade and other receivables	18	333	170
Prepayments		238	76
Current assets		8,932	11,327
TOTAL ASSETS		12,566	16,302
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	19	422	241
CURRENT LIABILITIES		422	241
Equity attributable to equity holders of the parent			
Issued share capital	21	8,096	8,072
Share premium		69,216	68,633
Revaluation reserve	22	-	1,035
Share option reserve	22	4,210	3,045
Reverse acquisition reserve	22	522	522
Accumulated losses		(69,900)	(65,126)
Total shareholders' equity		12,144	16,181
Non-controlling interests		-	(120)
Total equity interests		12,144	16,061
TOTAL EQUITY AND LIABILITIES		12,566	16,302

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 9 October 2015 and were signed on its behalf by:

I. Williams
Chairman

H. Thanawala
Finance Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	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 2013	7,725	58,489	1,221	1,134	522	(58,793)	10,298	(249)	10,049
Loss for the year	-	-	-	-	-	(5,835)	(5,835)	(77)	(5,912)
Fair value adjustments	-	-	(186)	-	-	-	(186)	-	(186)
Total comprehensive loss for the year	-	-	(186)	-	-	(5,835)	(6,021)	(77)	(6,098)
New shares issued net of issue costs	334	9,772	-	-	-	-	10,106	-	10,106
Share option charge	-	-	-	1,924	-	-	1,924	-	1,924
Exercise of share options	4	89	-	(13)	-	-	80	-	80
Acquisition of Minority Interest	9	283	-	-	-	(498)	(206)	206	-
30 June 2014	8,072	68,633	1,035	3,045	522	(65,126)	16,181	(120)	16,061
1 July 2014	8,072	68,633	1,035	3,045	522	(65,126)	16,181	(120)	16,061
Loss for the year	-	-	-	-	-	(4,898)	(4,898)	(5)	(4,903)
Fair value adjustments	-	-	(1,035)	-	-	-	(1,035)	-	(1,035)
Total comprehensive loss for the year	-	-	(1,035)	-	-	(4,898)	(5,933)	(5)	(5,938)
Share option charge	-	-	-	1,914	-	-	1,914	-	1,914
Exercise of share options	8	99	-	(43)	-	43	107	-	107
Transfer of balances relating to expired share options	-	-	-	(706)	-	706	-	-	-
Acquisition of Minority Interest	16	484	-	-	-	(625)	(125)	125	-
30 June 2015	**8,096**	**69,216**	**-**	**4,210**	**522**	**(69,900)**	**12,144**	**-**	**12,144**

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 2015

	Notes	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Operating activities			
Loss before tax from continuing operations		**(4,975)**	(5,976)
Depreciation	13	**108**	77
Loss on disposal of fixed assets	13	**14**	-
Finance costs	9	**7**	6
Finance income	10	**(56)**	(7)
Amortisation of intangible assets	14	**-**	685
Adjustment to available for sale investments	15	**404**	1,006
Share option charge	20	**1,914**	1,924
Working capital adjustments			
Increase in trade and other receivables	18	**(163)**	(9)
(Increase)/decrease in prepayments		**(162)**	3
Increase in trade and other payables	19	**181**	7
Cash utilised in operations		**(2,728)**	(2,284)
Finance costs	9	**(7)**	(6)
Taxation received	11	**72**	64
Net cash outflow from operating activities		**(2,663)**	(2,226)
Investing activities			
Finance income	10	**56**	7
Purchase of property, plant and equipment	13	**(220)**	(129)
Net cash outflow from investing activities		**(164)**	(122)
Financing Activities			
Issue of Ordinary share capital (net of issue costs)		**-**	10,106
Exercise of share options		**107**	80
Net cash inflow from financing activities		**107**	10,186
Net (decrease)/increase in cash and cash equivalents		**(2,720)**	7,838
Cash and cash equivalents at the beginning of the year		**11,081**	3,243
Cash and cash equivalents at the end of the year	17	**8,361**	11,081

Company Statement of Financial Position

As at 30 June 2015

	Notes	As at 30 June 2015 £'000s	As at 30 June 2014 £'000s
ASSETS			
Non-current assets			
Property, plant and equipment	13	**158**	119
Available for sale investments	15	**-**	1,439
Investments in subsidiaries	16	**18,845**	15,433
Non-current assets		**19,003**	16,991
Current assets			
Cash and cash equivalents	17	**7,875**	10,554
Trade and other receivables	18	**142**	116
Prepayments		**63**	55
Current assets		**8,080**	10,725
TOTAL ASSETS		**27,083**	27,716
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	19	**268**	118
Current liabilities		**268**	118
Equity attributable to equity holders of the parent			
Issued capital	21	**8,096**	8,072
Share premium		**69,216**	68,633
Revaluation reserve	22	**-**	1,035
Share option reserve	22	**4,210**	3,045
Accumulated losses		**(54,707)**	(53,187)
Total shareholders' equity		**26,815**	27,598
TOTAL EQUITY AND LIABILITIES		**27,083**	27,716

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 9 October 2015 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 2015

	Issued capital £'000s	Share premium £'000s	Revaluation reserve £'000s	Share option reserve £'000s	Accumulated losses £'000s	Total £'000s
1 July 2013	7,725	58,489	1,219	1,134	(49,215)	19,352
Loss for the year	-	-	-	-	(3,972)	(3,972)
Fair value adjustments	-	-	(184)	-	-	(184)
Total comprehensive loss for the year	-	-	(184)	-	(3,972)	(4,156)
Share option charge	-	-	-	1,924	-	1,924
Exercise of share options	4	89	-	(13)	-	80
New shares issued (net of issue costs)	343	10,055	-	-	-	10,398
30 June 2014	**8,072**	**68,633**	**1,035**	**3,045**	**(53,187)**	**27,598**
1 July 2014	8,072	68,633	1,035	3,045	(53,187)	27,598
Loss for the year	-	-	-	-	(2,269)	(2,269)
Fair value adjustments	-	-	(1,035)	-	-	(1,035)
Total comprehensive loss for the year	-	-	(1,035)	-	(2,269)	(3,304)
Share option charge	-	-	-	1,914	-	1,914
Exercise of share options	8	99	-	(43)	43	107
Transfer of balances relating to expired share options	-	-	-	(706)	706	-
New shares issued net of issue costs	16	484	-	-	-	500
30 June 2015	**8,096**	**69,216**	**-**	**4,210**	**(54,707)**	**26,815**

Company Statement of Cash Flows

For the year ended 30 June 2015

	Notes	Year ended 30 June 2015 £'000s	Year ended 30 June 2014 £'000s
Operating activities			
Loss before tax from continuing operations		**(2,269)**	(3,972)
Depreciation	13	**36**	21
Finance costs	9	**2**	2
Finance income	10	**(365)**	(7)
Adjustment to available for sale investments	15	**404**	1,008
Share option charge	20	**1,914**	1,924
Working capital adjustments			
Increase in trade and other receivables	18	**(26)**	(84)
(Increase)/decrease in prepayments		**(8)**	1
Increase in trade and other payables	19	**150**	46
Cash utilised in operations		**(162)**	(1,061)
Finance costs		**(2)**	(2)
Net cash outflow from operating activities		**(164)**	(1,063)
Investing activities			
Finance income	10	**365**	7
Purchase of property, plant and equipment	13	**(75)**	(102)
Loan (to)/from subsidiary	16	**(2,912)**	20
Investment in subsidiary	16	**-**	(292)
Net cash outflow from investing activities		**(2,622)**	(367)
Financing Activities			
Issue of Ordinary share capital (net of issue costs)		**-**	10,398
Exercise of share options		**107**	80
Net cash inflow from financing activities		**107**	10,478
Net (decrease)/increase in cash and cash equivalents		**(2,679)**	9,048
Cash and cash equivalents at the beginning of the year		**10,554**	1,506
Cash and cash equivalents at the end of the year	17	**7,875**	10,554

Notes to the 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 emulsion 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 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, Gillingham House, 38-44 Gillingham Street, London, SW1V 1HU.

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's") as adopted by 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.

At the date of authorisation of these financial statements, a number of Standards and Interpretations were in issue but not yet effective. The directors do not anticipate that the adoption of these standards and interpretations, or any of the amendments made to existing standards as a result of the annual improvements cycle, will have a material effect on the financial statements in the year of initial application.

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.

2.2. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of entities controlled by the Group as at 30 June 2015.

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 defined as when QFI, or a company which it controls, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus QFI demonstrates control when it has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

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.

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

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 intangible asset. 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 carrying value of intangible assets at 30 June 2015 is determined to be £2.9m (2014: £2.9m). Further details are given in Note 14.

- **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 2015 is determined to be £nil (2014: £1.4m). 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 2015)	Statement of Comprehensive Income (average rate throughout the financial year)
United States	USD	1.5717	1.5755
Canada	CAD	1.9417	1.8430
Europe	EUR	1.4165	1.3134

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 was therefore accounted for as a reverse acquisition under IFRS 3.

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.

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits.

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	3 to 15 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.

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
  - either has transferred substantially all the risks and rewards of the asset, or
  - 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 legal 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. Share options rights are also granted to these individuals by a major shareholder over their shares held. 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 Black Scholes 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 the 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 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.

2.25. Leasing Commitments

Office rental charges payable under operating leases are charged to the Statement of Comprehensive Income as part of administration expenses over the lease term.

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 Group had £8.4m in treasury as at 30 June 2015. The Directors have carried out a detailed assessment of going concern as part of the financial reporting process, and having conducted a full review of the updated business plan, budgets and associated commitments at the year end, have concluded that the Group has adequate financial resources to continue in operational existence for at least the forthcoming year and therefore continue to adopt the going concern basis in preparing the accounts.

4. Segmental Information

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

Geographical Segments

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

	30 June 2015 £'000s	30 June 2014 £'000s
Non-current assets		
UK	**3,634**	3,536
Canada	**-**	1,439
Total	**3,634**	4,975

5. Other Income

Other income includes:	Year ended 30 June 2015 £'000s	Year ended 30 June 2014 £'000s
Recoverable costs recharged to related parties	**39**	51
Total	**39**	51

6. Operating Loss

Operating loss is stated after charging:	Year ended 30 June 2015 £'000s	Year ended 30 June 2014 £'000s
Fees payable to the Company's auditor for the audit of the Company's annual accounts.	**18**	14
Fees payable to the Company's auditor and its associates for other services:		
Audit of accounts of subsidiaries	**18**	15
Tax compliance services	**11**	8
Consultants and other professional fees (including legal)	**238**	179
Depreciation of property, plant and equipment	**108**	77
Amortisation of intangible assets	**-**	685

7. Staff Cost

Head count	Year ended 30 June 2015 Number	Year ended 30 June 2014 Number
Average number of employees of the Group (including executive Directors employed by the Company) during the year was:		
Management	**2**	2
Technical staff / support / other	**6**	4

Staff costs	Year ended 30 June 2015 £'000s	Year ended 30 June 2014 £'000
Wages and salaries	**809**	559
Social security costs	**83**	52
Pension costs	**75**	48
Total	**967**	659

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

Director	Year ended 30 June 2015 £'000s	Year ended 30 June 2014 £'000s
Ian Williams		
Wages and salaries	**154**	151
Pension costs	**31**	22
	185	173
Hemant Thanawala		
Wages and salaries	**129**	126
Pension costs	**10**	7
	139	133
Jason Miles		
Wages and salaries	**154**	-
Pension costs	**11**	-
	165	-
Total	**489**	306

Aggregate emoluments of the Directors of the Company were as follows		
Share option expense	**1,713**	1,885
Salaries and fees	**645**	633
Pension costs	**52**	30
Total	**2,410**	2,548

Non-executive Directors' fees for the year amounted to £103k (2014: £88k). Consulting fees paid to non-executive Directors for the year amounted to £103k (2014: £253k).

The highest paid Director's remuneration totalled £263k (2014: £214k), represented by all aggregate emoluments.

Refer to the Report of Directors' Remuneration (on pages 32–33) for further details, the Key Management Personnel referred to therein are the Directors of the Company.

Further details regarding Non-executive Directors' remuneration are disclosed in note 25 – Related Party Transactions.

8. Losses Attributable to Quadrise Fuels International plc

The loss for the year dealt with in the accounts of Quadrise Fuels International plc was £2.3m (2014: £4.0m). 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 2015 £'000s	Year ended 30 June 2014 £'000s
Bank charges	7	6
Total	**7**	6

10. Finance Income

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

11. Taxation

	Year ended 30 June 2015 £'000s	Year ended 30 June 2014 £'000s
UK corporation tax credit	(72)	(64)
Total	**(72)**	(64)

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

Tax Reconciliation	Year ended 30 June 2015 £'000s	Year ended 30 June 2014 £'000s
Loss on continuing operations before taxation	**(4,975)**	(5,976)
Loss on continuing operations before taxation multiplied by the UK corporation tax rate of 20.75% (2014: 22.5%)	**(1,032)**	(1,345)
Effects of:		
Non-deductible expenditure	**500**	227
R&D tax credit	**(72)**	(64)
Tax losses carried forward	**533**	1,118
Total taxation credit on loss from continuing operations	**(72)**	(64)

The Group has tax losses arising in the UK of approximately £40.7m (2014: £34.8m) that are available, under current legislation, to be carried forward against future profits. £11.2m (2014: £8.3m) of the tax losses carried forward represent trading losses, £25.8m (2014: £23.7m) represent non-trade deficits arising on intangible assets within Quadrise International Limited, £1.7m (2014: £1.2m) represent pre-trading losses incurred by subsidiaries, £1.9m (2014: £1.5m) represent management expenses incurred by Quadrise International Limited, and £0.1m (2014: £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 £8.1m (2014: £7.3m) 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 2015	Year ended 30 June 2014
Loss for the year (£'000s)	**(4,898)**	(5,835)
Weighted average number of shares:		
Basic	**808,656,176**	783,491,125
Diluted	**808,656,176**	783,491,125
Loss per share:		
Basic	**(0.61)p**	(0.74)p
Diluted	**(0.61)p**	(0.74)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 31.0m dilutive 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	Leasehold Improvements £'000s	Computer Equipment £'000s	Software £'000s	Office Equipment £'000s	Plant and machinery £'000s	Total £'000s
Cost						
Opening balance – 1 July 2014	94	21	17	16	559	707
Additions	5	49	26	-	140	220
Disposals	-	-	-	-	(17)	(17)
Closing balance – 30 June 2015	99	70	43	16	682	910
Depreciation						
Opening balance – 1 July 2014	(6)	(7)	(9)	(6)	(67)	(95)
Depreciation charge for the year	(20)	(7)	(6)	(3)	(72)	(108)
Disposals	-	-	-	-	3	3
Closing balance – 30 June 2015	(26)	(14)	(15)	(9)	(136)	(200)
Net book value at 30 June 2015	**73**	**56**	**28**	**7**	**546**	**710**

Company	Leasehold Improvements £'000s	Computer Equipment £'000s	Software £'000s	Office Equipment £'000s	Plant and machinery £'000s	Total £'000s
Cost						
Opening balance – 1 July 2014	94	20	18	16	-	148
Additions	5	44	26	-	-	75
Disposals	-	-	-	-	-	-
Closing balance – 30 June 2015	99	64	44	16	-	223
Depreciation						
Opening balance – 1 July 2014	(6)	(7)	(10)	(6)	-	(29)
Depreciation charge for the year	(20)	(7)	(6)	(3)	-	(36)
Disposals	-	-	-	-	-	-
Closing balance – 30 June 2015	(26)	(14)	(16)	(9)	-	(65)
Net book value at 30 June 2015	**73**	**50**	**28**	**7**	**-**	**158**

Property, plant and equipment

Consolidated	Leasehold Improvements £'000s	Computer Equipment £'000s	Software £'000s	Office Equipment £'000s	Plant and machinery £'000s	Total £'000s
Cost						
Opening balance – 1 July 2013	17	14	17	16	531	595
Additions	94	7	-	-	28	129
Disposals	(17)	-	-	-	-	(17)
Closing balance – 30 June 2014	94	21	17	16	559	707
Depreciation						
Opening balance – 1 July 2013	(12)	(4)	(5)	(3)	(11)	(35)
Depreciation charge for the year	(11)	(3)	(4)	(3)	(56)	(77)
Disposals	17	-	-	-	-	17
Closing balance – 30 June 2014	(6)	(7)	(9)	(6)	(67)	(95)
Net book value at 30 June 2014	88	14	8	10	492	612

Company	Leasehold Improvements £'000s	Computer Equipment £'000s	Software £'000s	Office Equipment £'000s	Plant and machinery £'000s	Total £'000s
Cost						
Opening balance – 1 July 2013	17	12	18	16	-	63
Additions	94	8	-	-	-	102
Disposals	(17)	-	-	-	-	(17)
Closing balance – 30 June 2014	94	20	18	16	-	148
Depreciation						
Opening balance – 1 July 2013	(12)	(4)	(6)	(3)	-	(25)
Depreciation charge for the year	(11)	(3)	(4)	(3)	-	(21)
Disposals	17	-	-	-	-	17
Closing balance – 30 June 2014	(6)	(7)	(10)	(6)	-	(29)
Net book value at 30 June 2014	88	13	8	10	-	119

14. Intangible Assets

Consolidated	QCC royalty payments £'000s	MSAR® trade name £'000s	Technology and know-how £'000s	Total £'000s
Cost				
Opening balance – 1 July 2014	7,686	3,100	25,901	36,687
Additions	-	-	-	-
Closing balance – 30 June 2015	7,686	3,100	25,901	36,687
Amortisation and Impairment				
Opening balance – 1 July 2014	(7,686)	(176)	(25,901)	(33,763)
Amortisation	-	-	-	-
Closing balance – 30 June 2015	(7,686)	(176)	(25,901)	(33,763)
Net book value at 30 June 2015	**-**	**2,924**	**-**	**2,924**

Consolidated	QCC royalty payments £'000s	MSAR® trade name £'000s	Technology and know-how £'000s	Total £'000s
Cost				
Opening balance – 1 July 2013	7,686	3,100	25,901	36,687
Additions	-	-	-	-
Closing balance – 30 June 2014	7,686	3,100	25,901	36,687
Amortisation and Impairment				
Opening balance – 1 July 2013	(7,686)	(176)	(25,216)	(33,078)
Amortisation	-	-	(685)	(685)
Closing balance – 30 June 2014	(7,686)	(176)	(25,901)	(33,763)
Net book value at 30 June 2014	-	2,924	-	2,924

Intangible assets 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 would be 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 were amortised over 93 months. The Group does not have any internally generated intangibles.

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 2031 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, expected gross margins and the lifespan of the project. 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. Turnover projections, growth rates, margins and project lifespans are all estimated based on the latest business models and the most recent discussions with customers, suppliers and other business partners.

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% (2014: 2.5%) and the pre-tax discount rate applied to the cash flow projections is 12% (2014: 12%).

A 5% increase in the discount rate used would result in no impairment charge for the MSAR® trade name intangible asset or the Technology and know-how intangible asset. A 5% decrease in the discount rate used would also result in no impairment charge.

Amortisation of Intangible Assets

The Board has reviewed the accounting policy for intangible assets and has amortised those assets which have a finite life. All intangible assets with a finite life were fully amortised as at 30 June 2015, and a non-cash charge of £nil (2014: £0.685m) was recorded in the statement of comprehensive income for the year ended 30 June 2015.

15. Available for Sale Investments

	Consolidated 30 June 2015 £'000s	Consolidated 30 June 2014 £'000s	Company 30 June 2015 £'000s	Company 30 June 2014 £'000s
Unquoted securities				
Opening balance	**1,439**	2,631	**1,439**	2,631
Changes in fair value	**(1,035)**	(186)	**(1,035)**	(184)
Impairment charge	**(404)**	(1,006)	**(404)**	(1,008)
Closing balance	**-**	1,439	**-**	1,439

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.

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.

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 determined the fair value of the unquoted securities at 30 June 2015. 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 $nil on 1 July 2014. Shareholder communications received during the period to 30 June 2015 indicate that the business model of QCC remains uncertain, as does the possibility of any material value being recovered from QCC's asset base. On that basis, the directors have determined that the investment should continue to remain valued at CAD $nil at 30 June 2015.

The Paxton shares were valued at CAD$4.00 per share as at 1 July 2014. Shareholder communications received since 1 July 2014 show that Paxton is no longer considered to be a going concern and steps are being taken to wind up its operations. Based on this, the Directors have determined that a full provision should be made against the value of the 652,874 shares held in Paxton, resulting in a charge of £404k.

ORI shares were valued at CAD $nil per share on 1 July 2014. The viability of ORI's business model continues to remain highly doubtful and no material amounts are expected to be realised from its remaining assets. On that basis, the directors have determined that the investment should continue to remain valued at CAD $nil at 30 June 2015.

The Porient shares were valued at CAD $nil per share on 1 July 2014. Porient is yet to be defined into a business with active projects and the current prospects of this happening are doubtful. Based on this, the Directors concluded that the investment should continue to be valued at CAD $nil at 30 June 2015.

16. Investments in Subsidiaries

	Company 30 June 2015 £'000s	Company 30 June 2014 £'000s
Direct Investment		
Opening balance	**20,979**	20,979
Acquisition of ROE Projects Ltd	**500**	-
Closing balance	**21,479**	20,979
Amounts due to/(from) Subsidiaries		
Opening balance	**(5,546)**	(5,818)
Amounts loaned from subsidiaries	**-**	272
Amounts loaned to subsidiaries	**2,912**	-
Closing balance	**(2,634)**	(5,546)
Total	**18,845**	15,433

The acquisition of ROE projects was made to acquire the remaining non-controlling interest within the Group and as such is treated as a transaction within equity and therefore IFRS 3 'Business Combinations' has not been applied.

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 2015 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 2015. Holdings in subsidiaries are detailed in note 27.

17. Cash and Cash Equivalents

	Consolidated 30 June 2015 £'000s	Consolidated 30 June 2014 £'000s	Company 30 June 2015 £'000s	Company 30 June 2014 £'000s
Cash at bank	8,361	11,081	7,875	10,554
Total	8,361	11,081	7,875	10,554

18. Trade and Other Receivables

	Consolidated 30 June 2015 £'000s	Consolidated 30 June 2014 £'000s	Company 30 June 2015 £'000s	Company 30 June 2014 £'000s
Trade receivables	3	11	-	-
Other receivables	325	145	137	102
Receivable from related parties	5	14	5	14
Total	333	170	142	116

Group receivables of £nil (2014: £nil) and Company receivables of £nil (2014: nil) were past due at year-end.

Amounts due from related parties at year end amounted to £5k (2014:£14k).

19. Trade and Other Payables

	Consolidated 30 June 2015 £'000s	Consolidated 30 June 2014 £'000s	Company 30 June 2015 £'000s	Company 30 June 2014 £'000s
Trade payables	145	109	76	50
Other taxes	132	-	132	-
Payable to related parties	23	18	7	3
Accruals	122	114	53	65
Total	422	241	268	118

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 2015 amount to 55 days (2014: 24 days) of purchases made in the year. All trade payables balances are less than 30 days old.

Amounts due to related parties at year end amounted to £23k (2014:£18k).

20. Share 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 2015	WAEP (pence) 30 June 2015	Number 30 June 2014	WAEP (pence) 30 June 2014
Outstanding as at 1 July	**43,600,000**	**19.16**	30,000,000	5.27
Granted during the year	**3,100,000**	**23.80**	20,000,000	34.56
Expired during the year	**-**	**-**	-	-
Exercised during the year	**(6,250,000)**	**2.59**	(6,400,000)	2.19
Options outstanding as at 30 June	**40,450,000**	**22.08**	43,600,000	19.16
Exercisable as at 30 June	**31,016,667**	**19.31**	30,183,333	12.35

The weighted average remaining contractual life of the 40.45 million options outstanding at the statement of financial position date is 4.55 years (2014: 4.91 years). The weighted average share price during the year was 23.84p (2014: 29.07p) 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. Options issued under the Scheme vest over a three year period provided the recipient remains an employee of the Group. Options may be also exercised within one year of an employee leaving the Group at the discretion of the Board.

The Company issued 3.1 million share options to employees during the year (2014: 20 million) the weighted average exercise price of these options was 23.8p (2014: 34.6p) and the weighted average fair value was 13.8p (21.2p). The exercise price of the options issued during the year ranged from 12.1p to 32.3p (2014: 23.3p to 35.2p).

The fair value was calculated using the Black Scholes option pricing model. The weighted average inputs were as follows:

	Year ended 30 June 2015	Year ended 30 June 2014
Stock price	20.5p	31.0p
Exercise price	23.6p	34.6p
Interest rate	0.5%	0.5%
Volatility	77.3%	92.0%
Time to maturity	4 years	4.8 years

21. Share Capital

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

	30 June 2015 £	30 June 2014 £
Issued and fully paid:		
809,585,162 (2014: 807,241,536) Ordinary shares of £0.01 each	**8,095,852**	8,072,415

On 22 October 2014, the company issued 1,593,626 new Ordinary Shares of 1p each at a price of 31.4 pence per share to Jason Miles in exchange for 100% of the share capital of ROE Projects Limited, which holds a 6.25% interest in each of Quadrise Marine Limited, Quadrise KSA Limited, Quadrise Americas Limited and Quadrise Asia Limited.

On 29 Jan 2015, Jason Miles, a non-executive director of the Company, exercised 750,000 options to subscribe for Ordinary Shares in the Company.

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 net of lapsed and exercised options.

23. Pension Commitments

For direct employees of Quadrise Fuels International plc, the Company contributes between 7% and 20% of salary to a defined contribution pension scheme. Pension cost to the Company for the year amounted to £51k (2014: £48k).

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 2015 £'000s	Consolidated 30 June 2014 £'000s	Company 30 June 2015 £'000s	Company 30 June 2014 £'000s
Financial assets				
Available for sale investments	-	1,439	-	1,439
Loans and receivables – Cash and cash equivalents	**8,361**	11,081	**7,875**	10,554
Loans and receivables – Trade and other receivables	**333**	170	**142**	116
Financial liabilities				
Other financial liabilities – Trade and other payables	**422**	241	**268**	118

All receivables and payables are current and due within 30 days.

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 £nil (2014: £1,439k) as at the statement of financial position date. These investments are represented in Canadian dollars amounting to CAD $nil (2014: CAD$2,611k).

A 10% strengthening of the GBP against the CAD at the statement of financial position date would have decreased equity by £nil (2014: £131k) whilst a 10% weakening of the GBP against the CAD would have increased equity by £nil (2014: £144k). 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 2015 were US $nil (2014: US$1k) and €252k (2014: €31k).

A 10% strengthening of the GBP against the USD at the statement of financial position date would have decreased profit and loss by £nil (2014: £nil) whilst a 10% weakening of the GBP against the USD would have increased profit and loss by £nil (2014: £nil). This analysis assumes that all other variables remain constant.

A 10% strengthening of the GBP against the Euro at the statement of financial position date would have decreased profit and loss by £16k (2014: £2.3k) whilst a 10% weakening of the GBP against the Euro would have increased profit and loss by £18k (2014: £2.5k). 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 £78k (2014: £106k) 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 £333k at 30 June 2015 (2014: £170k), of which £5k (2014: £14k) was receivable from related parties. Receivables of £333k represent the maximum credit risk to which the Group is exposed.

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 2015.

25. Related Party Transactions

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 £41k (2014: £60k). The balance payable at the statement of financial position date was £21k (2014: £4k).

Jason Miles is also a Director of ROE Projects Limited, which provided consulting services to the group until its acquisition by the Company on 22 October 2014. The total fees charged for the year amount to £62k (2014: £242k). The balance payable at the statement of financial position date was £nil (2014: £15k).

Ian Williams and Hemant Thanawala were directors of International Energy Services Limited ("IESL"). QFI provided services to IESL during the year for which QFI received income of £39k (2014: £51k). The balance receivable at the statement of financial position date was £nil (2014: £14k).

On 22 October 2014, the Company issued 1,593,626 new ordinary shares in the Company, equating to a value of £500k, to Jason Miles in consideration for the acquisition by the Company of ROE Projects Limited, which holds a 6.25% interest in each of Quadrise Marine Limited, Quadrise KSA Limited, Quadrise Americas Limited and Quadrise Asia Limited.

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

The directors have determined that there is no Controlling Party as no individual shareholder holds a controlling interest in the Company.

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	100%	Ordinary
Quadrise Americas Limited	United Kingdom	100%	Ordinary
Quadrise Marine Limited	United Kingdom	100%	Ordinary
Quadrise Asia Limited	United Kingdom	100%	Ordinary
ROE Projects Limited	United Kingdom	100%	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, and manufacture and sale of MSAR® to large energy consumers.

28. Commitments and Contingencies

The Group and the Company have entered into a commercial lease for office rental. This lease expires on 25 March 2019, and there are no restrictions placed on the Group or Company by entering into this lease. The minimum future lease payments for the non-cancellable lease are as follows:

	30 June 2015 £'000s	30 June 2014 £'000s
Office premises		
One year	**106**	77
Two to five years	**293**	399
After five years	**-**	-

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 14 September 2015, Quadrise International Limited, a wholly owned subsidiary of QFI, executed agreements with Compañía Española de Petróleos S.A.U. ("CEPSA") Mærsk Line A/S ("Mærsk Line") and A.P. Moller-Mærsk A/S ("Mærsk") for the Operational Trial Programme to provide the basis for the issue of Letters Of No Objection ("LONOs") by participating marine engine manufacturers. The Operational Trial includes the supply, installation and commissioning of a Quadrise MSAR® Manufacturing Unit at the CEPSA San Roque refinery near Gibraltar.

30. Copies of the Annual Report

Copies of the annual report will be posted to shareholders and will be available shortly from the Company's website at www.quadrisefuels.com and from the Company's registered office, Gillingham House, 38-44 Gillingham Street, London, SW1V 1HU.

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