Quadrise Fuels International PLC - QFI Final Results
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Quadrise Fuels International PLC
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Quadrise Fuels International plc
("Quadrise", "QFI", "the Company" or "the Group")

Final Results for the year ended 30 June 2014

Quadrise Fuels International plc (AIM: QFI) is the emerging manufacturer and supplier of MSAR® emulsion fuels, a low cost alternative to heavy fuel oil (one of the world's largest fuel markets utilising over 500 million tons per annum) in the global shipping, refining and steam and power generation markets. The Company today announces its results for the year ended 30 June 2014 and gives notice for the convening of an Annual General Meeting ("AGM") of the Company to be held on 28 November 2014.

Operational highlights

- Quadrise MSAR® Marine Fuels: Positive results from two 'in service' seaborne trials in Mærsk ships using Wartsila and MAN engines led to Mærsk confirmation of 'Proof of Concept' as planned by mid-2014.

  The joint approach to selected refiners is underway with the aim of concluding contracts for manufacturing and supply by end-2014 to support the LONO certifications and ensuing commercial roll-out through 2015.
- AkzoNobel Relationship: The Commercial Agreement and the Research and Technology Agreement were executed late in November 2013 replacing the 2004 Alliance Agreement.

  Key changes relate to the ownership of IP, the prime respective areas of interest, and commercial interfaces:

  The Company becomes the licensor of the Quadrise MSAR® Technology

  Quadrise has world-wide rights for AkzoNobel formulations and technology in emulsion fuels applications

  Quadrise International Limited ("QIL") will purchase process plants directly from manufacturers and will be the vendor of process chemicals to refiners as part of the technology and services package.
- Saudi Arabia: The client has submitted a proposal in their 2014 budget review process for the first commercial demonstration project in a Saudi refinery.

  A programme has been accepted to produce MSAR® fuel and complete a trial firing at a nearby thermal power station by end 1H 2015. Success with the demonstration is expected to lead to a commitment to large scale fuel conversion projects delivering major benefits in the Kingdom of Saudi Arabia (KSA) refining and power generation.
- Central & South America: The completed Joint Feasibility Study has confirmed the merits of the MSAR® fuels proposal. Ecopetrol management are now able to assess the relative attractions of the MSAR® fuels JV relative to alternative refinery fuels programmes under consideration. A clear direction on project selection and form of association should emerge during Q1 2015.

Financial highlights

- No debt and £11.1 million (2013: £3.2 million) in cash reserves at 30 June 2014, boosted by the successful raising of £10.7 million (before expenses) through a share placing in March 2014.
- Loss after tax of £5.9 million (2013: £5.0 million) arising principally from non-cash charges of £3.6 million (2013: £3.2 million) for share options and the amortisation and impairment charges of intangible assets and adjustments to available for sale investments.
- Cumulative tax losses of £34.8 million (2013: £33.7 million) available for set-off against future profits.
- Total assets of £16.3 million at 30 June 2014 (2013: £10.3 million), which includes the Group's own comprehensive R&D facility and a commercial-scale MSAR® Manufacturing Unit which was commissioned at the Orlen Lietuva refinery in September 2013 for the production of the 'Proof of Concept' volumes of Marine MSAR® fuel for the 2013/14 seaborne programme.

Significant events post year end

On 1 October 2014, Jason Miles ceased to be a non-executive director and became an Executive Director and employee of the Company.

On 8 October 2014, Philip Snaith was appointed as a non-executive director of the Company

Commenting on the results Ian Williams, Executive Chairman of QFI said:

"This year has seen the Company pass several key milestones which, in retrospect, will mark the transition from product and business preparation to the early commercial phase in our key programmes. The scale of opportunity and our secured points of entry now afford Quadrise access to very large markets on well-defined pathways. This should make 2015 a 'watershed' year for the Company.

The organisation is also in transition to meet future demands, and resourcing is a key challenge. The Company already has the services of high quality committed professionals, but the team needs to expand selectively and quickly to effectively manage the transition to multiple and growing process, supply and logistics operations and client interfaces.

The share price performance continued to attract a sustained level of investor interest through the period as evidenced by the successful placing of new shares in March 2014.

Notice of Annual General Meeting

The Annual General Meeting ("AGM") of the Company is to be held at the DoubleTree by Hilton Hotel, 2 Bridge Place, Victoria, London SW1V 1QA on 28 November 2014 at 12.00 noon.

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Chairman's Statement

I am pleased to present this Annual Report for Quadrise Fuels International plc ("Quadrise", "Company", "QFI" and together with its subsidiaries the "Group") for the year ended 30 June 2014 together with recent events.

Business Overview

The last 12 months have seen considerable progress towards our prime objective of sustainable commercial revenues. Recent developments in the programmes managed by Quadrise International Limited ("QIL") represent a watershed, both in terms of the projects themselves, and in the resulting shift in investor and shareholder perception of the Company - its prospective scale and future value. Whilst the focus remains the Marine MSAR® and Saudi Arabian ventures, the Company continues to progress additional, carefully selected projects to broaden the business base, reduce the risk to future revenues and add significant value to the Group.

Quadrise clients are the very 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 license 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 fuel oil sales exceeding US$300 billion or some 500 million tons per annum, of which the marine market represents some 40%.

Marine and power generation fuel 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.

QFI is not dependent on fuel oil demand growth to create value. Our proposition remains attractive in conditions of both economic growth and recession. Global economic trends and energy fundamentals continue to validate the Quadrise business proposition, as the demand for distillate transportation fuel continues unabated. 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 diesel demand to exceed that for fuel oil thereby widening the price differential - which is very positive for the Company's future margin prospects. Informed industry forecasters and forward market price projections suggest this will 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 adversely affect our value-adding proposition in target markets.

The Marine MSAR® and Saudi opportunities require the Company to pursue, establish and develop relationships with leading corporates in their respective industries. The scale and complexity is challenging and Quadrise naturally needs to work within our clients' programmes and timetable. However, their recognition of the scale of the opportunity and their acceptance of the technology validates and endorses the business potential of the Group.

Aside from the excellent progress made in key programmes addressed within this review, a number of other strategic events have positively impacted the Group. The more important are:

1. On 20 November 2013, the Company announced that it had executed two contracts with Akzo Nobel group companies ("AkzoNobel") for the exclusive purchase and supply of goods and services, and for the continued exclusive joint development of emulsion fuels. These contracts have replaced the Alliance Agreement signed in 2004, thus ensuring continuity and on-going support from AkzoNobel for the Company's expanding development programmes.

2. The near term plans for plant installations and continuous fuel production require more resources than previously available, in that several programmes may progress simultaneously from development to commercial operations. Our clients and partners quite rightly expect high standards of capability and response. Quadrise is looking to accelerate these developments and would not want to be the cause of delay either through lack of plant availability or expertise. As announced earlier in 2014, the necessary funding to ensure adequate resourcing of the

development programmes and the medium term business plan has been secured. The Company closed a placing of 33,437,500 new ordinary shares on 5 March 2014 at a price of 32 pence per share, raising a gross £10.7 million. The issue was oversubscribed and the placing shares represented only 4.33% of QFI shares in issue prior to the placing. The Company last raised new equity funds in October 2012 at £0.07 per share.

3. In anticipation of the planned progression to commercial operations in 2015, recruitment advisers were engaged in late 2013 to identify suitable candidates for executive roles within the QFI Group, in particular to assume focussed responsibility for business development in the marine and power generation markets.

4. In anticipation of the increased research and development workload required to support the accelerating QIL programmes a new R&D facility has been established in the UK. This will supplement the resources and support already provided by the AkzoNobel facility in Sweden.

Financial Overview and Investor Relations

The Group held cash and cash equivalents of £3.24 million as at 30 June 2013. A strategic review of the business plan in Q3 2013 took into consideration revised timetables for the major programmes and the selected new projects that will broaden the business base and reduce risk. This revealed the need for additional equity funds to securely bridge the gap to sustainable revenues, now expected in 2015.

The planned project spread, and the potential to contract on a joint venture business mode in certain projects, increased the need for capital expenditure funding. In addition, the resources to professionally manage the growing portfolio and to assure the capacity for an accelerated pace all require additional funds. The Company's new responsibilities in the revised AkzoNobel contractual relationship anticipated the need to establish an in-house R&D programme requiring facilities and investment. Furthermore, some additional working capital was needed as Quadrise becomes the vendor of chemicals and a range of focussed technical services to refiners.

With lead projects on the cusp of commercialisation, the board needs to ensure that Quadrise will not be the cause of any delays to project programmes. An example is the need to establish an inventory of MSAR® Manufacturing Units (MMUs) to avoid fabrication lead time and related delays to revenues. In addition, the negotiation and execution of commercial contracts will involve scrutiny of the financial standing of the Group and it is therefore prudent to strengthen the Company's balance sheet - especially given the size and nature of our key clients. These considerations led to the decision to raise additional equity funds in Q1 2014. Timing was favourable as the QFI share price had risen strongly in the second half of 2013, indicating that investors had recognised the advanced stage of development reached by the Company, the size of the markets and scale of opportunity.

The planned Q1 2014 equity funding programme was advised by new brokers, Peel Hunt, and closed on 5 March 2014 raising a gross £10.7 million. A very positive feature of the placing was the favourable response from institutional investors who now feature more prominently on the QFI share register. Funds raised should now be sufficient to meet the revised business requirements, allow management to accelerate programmes where possible and beneficial, and provide prudent cover for the unexpected. The Group held cash and cash equivalents of £11.1 million as at 30 June 2014.

Nevertheless, the Company continues to apply tight controls over expenditure, and the policy of client contribution to pre-commercial costs has continued to be applied with few exceptions. During the period under review the Operating and Corporate costs of £2.4 million (2013: £1.9m) were contained within budget. The operating loss of £6.0m for the period (2013: £5.0m) was in line with expectations in terms of managed operations, but was affected by a further fair value adjustment of £1.0 million (2013: £1.8m) to the carried values of the Group's Canadian investments.

Quadrise maintained an active programme of Investor and Media Relations through the year. This focussed on introductory meetings and presentations to institutional investors and research analysts, guided by Peel Hunt and Corporate Communications advisers Bell Pottinger. News flow continues to be limited by confidentiality obligations imposed by our partners. We look forward to sharing more information on operational programmes when commercial contracts are executed. A step change has been experienced in the number of shareholder and investor enquiries reflecting increased interest in the Company. This raised awareness is also reflected in a further step change in the readership reported by Edison Investor Track which rose by over 100% from June to September 2014.

As advised previously, capital availability has previously limited the Group's choice of business model to the "Licence Mode" in which the refiner buys the MMUs and is licensed to use MSAR® manufacturing technology. In this mode QIL revenues are derived from fees, supplies and services. There is now the potential to contract on a Joint Venture or "Toll Processing" mode in certain projects in which QIL or the Joint Venture owns and operates the MMUs 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.

Review of Directly Managed Interests

The principal Group business interests are managed by QIL which owns all associated rights and participations. The Group structure currently features a set of subsidiaries of QIL to house and manage project programmes on a market (e.g. Quadrise Marine) or geographic basis (e.g. Quadrise KSA). These subsidiaries may form associations with local partners (e.g. Rafid in Saudi Arabia) or hold the Group participation in joint ventures developed with local partners - as is intended in Central and South America - where such arrangements are appropriate and add value.

The 250% increase in the market capitalisation of the Company over the 12 months (July to June) under review reflects the growth in value of the directly managed business portfolio as the underlying programmes have been progressed and de-risked through their respective pre-commercial phases

All directly managed projects represent large scale business opportunities as they target the substitution of existing conventional fuels - presently consumed in very 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, potentially a company maker on its own. 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, making a very material contribution to alleviating growing pressures on the KSA energy costs.

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 is once again moving into growth mode. KSA continues to have one of the highest levels of electricity demand per capita, and this looks set to continue.

The decision taken in 2013 to broaden the portfolio selectively led to a number of initiatives including the Ecopetrol prospect and feasibility study in Colombia and the 'multi-site' heavy residue conversion prospect with a global oil major. The rationale is that, on a selective basis, they could represent feasible business prospects. These could spread the active portfolio, serving also to de-risk the business and substitute if needed for programmes where progress cannot be assured - as was the case with PEMEX in Mexico. Ideally these projects would also have the flexibility, due to the refinery locations, to serve both thermal power and marine markets.

Unsolicited approaches concerning projects in areas such as Russia, the Caribbean, Indonesia and South and East Africa continue unabated. Where they have merit, and on a selective basis, the Company may confirm 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. Given the demands of our prime opportunities very little attention has been given to these introductions to date and 'select and focus' will remain the guiding strategy for some years to come. More recently the Company has been approached by well-funded entities with specific industry rather than geographic interest, looking for co-investment opportunities as and when Quadrise enters the 'toll processing' business mode. While no commitments have yet been made, the future availability of potential funding from such sources has been noted.

Marine MSAR®

Shareholders have been kept informed on the development of the Marine MSAR® fuels programme on a regular basis. The programme originated from a Quadrise presentation to an international marine fuels conference. Mærsk quickly assimilated the potential of the MSAR® technology to reduce open ocean marine fuel costs which represent some 75% of their fleet operating cost. A Joint Development Agreement ("JDA") was executed between QIL, Mærsk and AkzoNobel Surface Chemistry to formulate Marine MSAR® fuel to meet the exacting requirements of both four stroke and two stroke marine diesel engines. The JDA defined the responsibilities and contributions of all parties and has guided the development process over the past four years. QIL entered into a marketing and royalty agreement with Mærsk in January 2011 which set certain of the terms for commercial relationships then expected to follow.

At the outset standards and targets were established to assure the practical feasibility of Marine MSAR® becoming a fit for purpose "standard" fuel acceptable for use by Mærsk (and in the operations of 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' assessment and the associated seaborne trials programme which started late 2013 and was completed during second quarter 2014.

The development of the new Marine MSAR® fuel for this very large global market must address the stringent standards set by a significant number of industry stakeholders, and national, regional and global regulatory authorities. The marine sector is heavily regulated and has a high profile due to the impact of freight costs and services on a range of national and international economic interests. Additionally, the shipping industry is 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 has been an ideal partner for QIL, being the biggest global shipping company and the largest marine fuels consumer. Mærsk also has an enviable record for efficiency in operations and is an industry leader in environmental performance, adoption of new technology, and continuous improvement.

Meeting the specifications 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 joint development team has worked closely throughout the fuel formulation 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 transporters 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, with the very positive, comprehensive report accepted by all stakeholders. The MSAR® 2 formulation became the 'gold standard' for Marine emulsion fuels leading to the seaborne 'proof of concept' ("POC") programme during the last quarter of 2013 and into the first half of 2014.

On 3 July 2014, the Company announced that the last of the Wärtsilä full-engine seaborne service tests was completed early in June following which Mærsk formally advised QFI that the POC requirements had been satisfied. This cleared the way for Mærsk to proceed to the next stage which involves extended use of Marine MSAR® fuel in a selected vessel powered by the most modern Wärtsilä RT Flex two stroke propulsion engine. The programme requires that sufficient seaborne service operating hours be completed to provide a performance data base enabling Wärtsilä to issue a LONO for the use of the fuel in this engine type. The LONO is the last remaining pre-condition before starting the early commercial phase and the progressive 'roll-out' to the first set of selected vessels. The expectation is that circa 4,000 hours of performance data will be required, but an interim evaluation may be made at circa 2,000 hours, and it is also possible that requirements could be extended by a further 2,000 hours.

The MAN seaborne programme on Marine MSAR® fuel was completed in July 2014 and reflects the very positive land test results, preparing the way also for the intended MAN LONO trials in 1H 2015.

The key findings of the MSAR® fuel assessment programme to date are as follows:

- Fuel stability and optimum handling considerations have been confirmed
- Comprehensive tests have confirmed good engine and emissions performance on Marine MSAR®fuel
- Seaborne operational tests have been 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.

Having confirmation of the POC phase, and given the quality of results, the joint development partners (Mærsk, Quadrise and AkzoNobel) agreed to move on to the commercial phase as soon as practicable to generate an early return on the investment made over the past three years of joint development.

Assurance of continuing bulk supply and efficient logistics systems in the 'post-LONO' phase of continuous commercial supply is now regarded as being more important than early fuel availability at higher unit cost simply to deliver early LONO certification. As a result the revised forward plan provides that the LONO programme will launch the commercial phase in preparation for full commercial 'roll-out', rather than conclude the development phase. The principal advantages are that larger contractual volumes and longer term contracts should materially benefit manufacturing and supply arrangements. This, together with efficient bulk logistics systems, will assist seamless progressive roll-out at lower unit cost.

Taking an 18 month view this approach is expected to result in earlier assured availability of larger commercial volumes of Marine MSAR® fuel. Even though the LONO timing may be delayed in the short term, this will be more than compensated by accelerated fuel conversion thereafter with assurance of supply in the medium term. A considerable saving will also accrue through elimination of the relatively high cost 'batch production' approach used to date.

Following the POC confirmation Mærsk allocated dedicated resources to work jointly with Quadrise executives on the commissioning and roll-out programme with the following joint objectives:

- Review and identify candidate refineries close to major bunker hubs - focusing first on North West Europe (NWE).
- Secure agreement in principle for Quadrise MSAR® Technology licensing and services contracts with qualifying oil refiners by end 2014 to support future term supply of Marine MSAR® fuel.
- Ensure that selected refiners have the capacity to meet the quantities indicated for the 2015 early commercial phase focusing first on NWE and starting with the LONO requirements.
- Extend the availability of Marine MSAR® and selective fleet fuelling progressively to the Rest of the World (ROW) on success from 2016.

This joint activity programme proceeded as planned through Q3 2014. Early indications of serious interest from qualifying refiners suggests that the objective of first 'commercial' production in Q1 2015, rolling-out to progressive selective fleet fuel conversion in Q4 2015, should be feasible.

The raised awareness of environmental concerns on SO_2 and carbon particulate (black soot) emissions from marine operations both within the Emission Control Areas ("ECAs") and in the "open ocean" has been highlighted in previous Company reports. The economic implications of a compliance driven switch to distillate fuels at a premium of US$350+ per ton, and the practical supply challenges are now being openly debated. Informed commentators have come to accept that the global refining industry will not be able to supply compliance fuel without a massive investment programme. This would itself exacerbate existing problematic CO_2 emissions due to the nature of the processes and plant operations involved. The use of on-board emissions scrubbing is rapidly becoming accepted as representing the most effective and practical means of compliance even among national government regulators and global marine industry institutions.

This solution plays to the strengths of Quadrise Marine MSAR® fuel, presenting an opportunity for the Company to assist shipping companies with a cost effective environmental solution. Marine MSAR® fuel offers measurable, differentiated and enhanced "green performance" in terms of NOx and particulate emissions. Being priced at a discount to conventional fuel oil, the cost differential will make a material contribution to the capital charge and operating costs of the scrubbers. On information available to date it has become clear that the combination of Marine MSAR® fuel and novel scrubber technologies will offer the lowest cost compliance option in 'open ocean' operations which represent over 80% of the marine fuel oil market. The technical feasibility of compliance with ECA standards through the use of scrubbers without switching to very low sulphur distillate fuels at a premium of US$350+ per ton is currently being tested. Reported results by some leading cruise line operators suggest this may prove compliant and acceptable. If so it could potentially also open the ECA market to a switch from distillates to Marine MSAR® fuels in combination with cost effective emissions scrubbing.

The commercial roll-out of Marine MSAR® fuels is now clearly in sight, and the programme is underway. The momentum is expected to grow steadily, focussed on NWE in 2015 and other global bunker fuel supply hubs from 2016 onwards. The current market at circa 200 million tons p.a. is very large, and is again expected to grow steadily off this base - now that the impact of slow steaming has run its course. Quadrise is very well positioned as the only company able to offer a low cost 'oil in water' compliant emulsion fuel as a fully finished product with both cost and environmental advantages to vessel operators using the latest hi-tech two stroke propulsion engines supplied by the leading manufacturers.

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 substantially reducing the high cost distillate (e.g. diesel) imports now required to meet local market demand. KSA presently imports distillate fuels at ruling international prices. In 2010 these imports were reported by HSBC to have reached a level of US$17 billion per annum.

Quadrise has invested a considerable amount of time and sustained effort to gain credibility and recognition within KSA and in the refining and power generation client organisations. This process has been very effectively supported by our Saudi partner, RAFID Group, who have long established relationships in the oil and energy industries throughout KSA. Following several years of collaborative studies and reports, Quadrise technology was finally approved for application within client refineries. This significant milestone marked the 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.

In Q2 2013 the client designated a major refining complex for the first Quadrise MMU installation. In the summer of 2013 QIL hosted a familiarisation programme in Europe for a group of client specialists, and representatives from the designated refining company. The subsequent report led to the confirmation of intent to proceed and a series of meetings were held to define process and responsibilities. The Company and client specialists worked jointly to produce a detailed proposal for the first 350,000 ton per annum 'commercial demonstration plant' to be installed at the designated refinery.

The proposal was formally submitted by the department concerned for approval in the client's annual budget review where consideration is given to both the merits of the project and the proposed timing of implementation. The terms on which Quadrise will provide services for the pre-production phase are an integral element of the proposal.

Refinery selection was based on the proximity of installed thermal utilities serving a major petrochemical complex and associated industries. In addition, a project to increase the local utility generation capacity is underway and the refinery also presently supplies fuel oil to two other large power plants in the region. In all, on success, it should be possible to produce progressively up to 5 million tons of MSAR® fuel to substitute for the fuel oil presently supplied from this refinery.

Formal advice from the review process is still awaited. The client organisation manages complex operations and very large multi-billion dollar capital budgets. Being unable to judge with any certainty what timing and other conditions may attach to the review result, and conscious of time passing, QIL sought to modify the approach on an agreed basis separating the 'demonstration' (proving) plant approval from the longer term firm commitment to a permanent installation. This revised approach has been adopted as well as the associated preliminaries to formalise terms, timing and responsibilities. It is also intended that a trial firing at a large nearby thermal power plant, presently supplied with heavy fuel oil by the refinery, be integrated into the programme. This will allow the refinery MSAR® production, and the power plant comparative combustion and emissions, to be tested and demonstrated in the same time frame. Present planning is for completion of both demonstrations during Q2 2015.

The value of installing and operating an 'in country' reference plant and the active demonstration of production and combustion to their respective managements cannot be overestimated. The preliminary phase will involve the EU-based testing of typical heavy residues from the refinery and other initial assessments. Quadrise management has every confidence that the programme will proceed effectively and that operations will deliver the results and benefits as forecast.

The 'read across' potential for value adding by conversion of the major part of the 5 million tons p.a. of fuel oil at the designated refinery could be expected to result in a large scale project to deliver considerable proven benefits. The scope for replication within the KSA domestic refining industry has been previously identified in studies conducted jointly with the client. In practice the constraint on fuel conversion for power generation will be the availability of heavy residue from the client and joint venture refineries in the country. The economy could continue to benefit irrespective of the origin of MSAR® which would then have to be imported from other sources as a finished product.

We do anticipate that given the nature of this programme, confidentiality considerations may result in stringent contractual terms governing permitted release of information as the programme develops.

Americas

The Company has elected not to re-open discussions with PEMEX management until the direction of Mexican energy policy is clarified and the feasibility of a tangible result may be judged. In our view the intended project remains viable, but QIL is fully focussed on the active projects programme and re-entry is likely to be time consuming. Conversely, the programme developed with Ecopetrol (the Colombian national oil company), in association with Nexidea Incorporated, (a Dallas based consultancy company), has moved forward relatively quickly.

Following an introduction to Quadrise technology and a programme of engagement and information exchange, Ecopetrol senior management responded positively to a Business Case presented by their team with QIL support. A Memorandum of Understanding ("MOU") was concluded which committed both parties to complete a comprehensive Joint Feasibility Study to evaluate in detail the full technical and commercial merits of an integrated production and marketing project. In doing so recommendations would be made on the nature and form of the joint venture. Terms were also settled covering preliminary work requirements and the basis on which preparatory services would be provided.

The MOU was extended by three months to 31 August 2014 to provide time for the completion of the associated logistics and distribution studies. The preliminary market review to assess demand for both power generation and Marine MSAR® has been completed in sufficient form and detail for decision purposes. The suitability of Ecopetrol refinery residues for MSAR® fuel production has been confirmed in laboratory testing in Europe and a positive report submitted to the company. The refinery process economics and logistics aspects have also been reviewed again in full detail and earlier preliminary assessments have been reconfirmed.

Should Ecopetrol elect to proceed, this project may become the first departure from the 'License model' and, as such, would require investment by Quadrise in process plant, ancillary equipment and tie-ins to refinery services and control systems. Following the Q1 2014 placing, the Company now has the capacity to reserve funds to participate effectively in this form of business development. Findings and recommendations on all facets of the project have been collated into the final draft Joint Feasibility Report and Recommendations. This is subject to review and acceptance by the client project team (now underway) preparatory to presentation to Ecopetrol management. This is likely to be followed by discussions on selective aspects and, subject favourable consideration, negotiations to determine the preferred business model and terms of participation. Confirmation of feasibility does not of itself assure that Ecopetrol will elect to proceed. Such projects usually require consideration in the context of alternatives available, impacts on related activities and other matters relevant to their business. Nevertheless, we expect that a clear direction should emerge by end Q1 2015

The PEMEX project opportunity will continue to be 'held in reserve' as the business case remains both technically sound and commercially attractive.

Asia

The YTL Power Seraya project opportunity has not progressed in the past year, principally due to difficulties in securing a source of heavy residue and a participating local or regional refiner. In practical terms we expect the opportunity to be 'unlocked' with the advent of Marine MSAR® production to supply the Singapore bunker market. Refiners have been understandably reluctant to install process plant, convert operations and add a new product stream based on single client supply. With LONOs expected to stimulate interest and demand for Marine MSAR® in 2015/6, this situation could reasonably be expected to change, thereby offering a long awaited opportunity for Power Seraya to improve its competitive position in the Singapore energy market.

Global Oil Major

Following an enquiry in 2012 from an Oil Major, QIL agreed to evaluate the conversion of certain residue streams associated with the proprietary technologies used in the Major's large scale process plants at a number of locations worldwide. Quadrise is not yet 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. This looks to be a higher value application and potentially an attractive production and marketing addition compared to alternative disposal of the hydrocarbons concerned.

The Global Oil Major may also be a potential supplier to the global marine fuels supply programme in several bunker hubs. Completion of the LONO programme is expected to accelerate serious enquiries for Marine MSAR® supplies from ship owners who continue to face challenging market pressure both on cost and environmental performance. Traditionally the oil majors respond in such circumstances and seek to lead change.

Board and Management

The Company continues to benefit from the very high quality contributions made by our non-executive directors. They have brought not only sound advice based on extensive experience in the world of oil and energy, but also active application of their specialised knowledge and professional capabilities across a range of relevant activities and aspects of our business. Continuous constructive interaction between board and management has been a hallmark of relationships within the Company, assisted by a number of regular board and management update meetings to share issues and views between formal quarterly board meetings.

We were very pleased to have secured the services of Mr Philip Snaith whose appointment 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.

It had become clear by late 2013 that the Group would need to restructure operational management and increase senior and support staffing to meet the multiple demands of commercial roll-out from early 2015. Recruitment advisers were engaged in late 2013 to identify suitable candidates for three additional key roles within the QFI Group. Two general management roles involve responsibility for business development in the Marine and Power markets respectively, and the third addition is for a refining specialist to compliment and support their activities. Regarding the GM Power position, QIL have secured the services of a highly qualified individual who is an excellent fit with the future organisational structure. Confidentiality obligations prevent us from releasing further details of the appointee, including background and present employer until the end of 2014. In addition, the Company has progressively converted former specialist consultants to full time employment arrangements and appointed a full time operations manager.

Business Associates and Partners

On 20 November 2013 the Company announced that it had executed two contracts with Akzo Nobel group companies for the exclusive purchase and supply of goods and services, and for the continued exclusive joint development of emulsion fuels. These new agreements reinforce the commitment of the parties and clarify the roles and contributions of Quadrise and AkzoNobel in our future activities. In particular, the contracts acknowledge the Company's primacy in MSAR® process technology licensing and representations to clients. The elimination of royalties and the introduction of shared ownership of Intellectual Property evidences the complimentary nature of the association, as does the extension of sole rights to QIL for exclusive use of AkzoNobel fuel emulsion formulations worldwide. This is a very positive development and will promote a sound and beneficial association as our major business programmes continue to evolve. QIL is the contracting party for both agreements.

The association with Nexidea Incorporated has already proven its ability to transition introductions to real commercial prospects, as in the case of Ecopetrol. While current focus is on the Colombian programme, both QIL and Nexidea have identified further selective South American opportunities for consideration when the Group has the capacity to assess candidates for the active projects programme.

In the Marine Fuels arena the central 'partnership' with Mærsk promises to add value to their business while launching Quadrise Marine MSAR® fuel in the international bunker market in 2015. Mærsk have an enviable reputation in all facets of the shipping business as leaders and innovators and have consistently proved to be effective, professional and committed in our joint activities. The series of coordinated activities over several years which have comprised the Joint Development Programme has extended the ambit of association to key stakeholders including leading marine engine manufacturers, regulators and marine industry institutions. Mærsk are principally motivated by the prospect of the very material savings on fleet fuel costs and the realisation of measurable improvements in environmental performance. Results underlying the Proof of Concept confirmation indicate that these prospects should be realised in the near future, vindicating their considerable efforts and substantial funding contribution.

Rafid, our partners in KSA, supply a range of specialised products and services to Saudi Aramco and other key industry and state organisations. A closely coordinated effort over the past year has raised the profile of the "Quadrise opportunity" at a senior level within the refining and power generation sectors and resulted in the first formal project submission for a commercial pilot plant installation in 2015. 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 investments in independent Canadian ventures, in which QIL has no management role, no longer have any material relevance for the value of the QFI Group. Their fortunes continued to be mixed over the review period. The Company has again reduced the carried values to reflect this, though there may be some scope for selective recovery in the medium term. All Canadian interests are held as "investments for sale" and QFI resources are no longer expended on these entities.

As has been advised in previous reports, the Canadian investments have been impacted by trends in the energy markets which have eliminated a number of potential business opportunities. An example is the growth in shale gas production which has driven down gas prices and eliminated the prospects for application of Quadrise technology in the production of steam and power for reservoir heating in oil production.

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.

QCC holds a number of patents in the fuel emulsion field but has no directly managed projects operational or in prospect.

A fuel emulsion project in Albania, managed by Petrosonics, is dormant pending the outcome of a dispute relating to state imposition of duty which has impaired the economics.

Work on an emulsion technology application for heavy crude oil transportation has been completed, but as yet no firm commercial application programme has been secured.

Present prospects for QCC have led the board to write down the value of the QFI holding to CAD$ nil.

Optimal Resources Inc. ("ORI") (9.5%) had no success in securing a partner for its Enhanced Oil Recovery ("EOR") technology in the ORI Lloydminster oil field and elected to sell its licenses to avoid the liability of abandonment and restoration obligations. No further operations are contemplated and the company is disposing of all remaining assets.

ORI has over CAD$8 million in accumulated tax lsses and the intention is to realise the maximum remaining value for shareholders through a sale of the company when feasible. The QFI board have elected to further impair our interests and write down the value to CAD$ nil.

Paxton Corporation ("PC") (3.8 %) is understood to be still actively promoting the use of its technology in oil field operations.

The Paxton 30% interest in Clean Energy Systems (CES) continues to be a material consideration as the CES 'steam gun' technology is being actively promoted by Mærsk Oil and Gas through their "Tri-Gen" venture. Paxton report that, if certain conditions precedent are met by end 2014, the Mærsk license for the technology could extend from MENA to World Wide with expiry extended to 2023. There are license fee implications to these time and scope extensions which may materially impact the value of PC.

PC itself, which retains rights to the use of the CES technology in its own Enhanced Oil Recovery technology systems, continues to hold discussions with oil field operators on project opportunities in North America. At 30 June 2014, PC was held on the balance sheet at a value of £1.439 million.

Future Outlook

The leading projects have moved forward to a stage where several commercial scale production units should be installed in qualifying refineries during the course of 2015. The marine pace will be secured by the anticipated receipt of the LONOs from Wärtsilä and MAN during 2015, which is the last remaining pre-condition before the progressive commercial 'roll-out' to the first set of selected vessels. The Saudi Arabia project aims to meet the client target of a power plant fuel test before the end of the coming winter which will require that the first MSAR® MMU be commissioned early in 2015. Thereafter further progress will be driven by confirmation of the technical and commercial viability of MSAR® production at the designated refinery together with the assurance of combustion performance at the linked power generation units currently burning fuel oil.

The Company has every confidence that the outcomes will be positive. This will verify the feasibility and rewards of converting to Quadrise MSAR® fuel production in refineries and the substitution of conventional fuels in the ships and power plants concerned. Given the unrelenting pressures on refining, shipping and power generation costs and margins, the logical consequence will be to ramp up both production and use of MSAR® fuels as quickly as possible, to capture the considerable benefits available.

As mentioned in previous reports, Quadrise is dealing with large industries with long established practices that are not easily changed. However, these same industries are also known to adapt rapidly when industry leaders apply new technologies to gain competitive advantage. Our lead programmes are known to have attracted considerable interest, and would clearly fall into this category.

The transition from 'development and demonstration' to 'contracts and operations' has major implications for oranisation structure and staffing. These are being addressed, together with skills development and management continuity. The Company needs to meet the challenge of having a geographically diverse portfolio of projects in transition to commercial operations at the same time. This is an exciting and rewarding time for the Company, our partners and clients, and our shareholders with the anticipated realisation of continuous commercial revenues in 2015.

Ian Williams
Executive Chairman
17 October 2014

Financial Review

Overview

The successful raising of £10.7m (before expenses) through a share placing in March 2014 was a key financial event for the Group in the year. This has strengthened the balance sheet significantly and enabled to Group to increase the proportion of equity held by institutional investors. As described more fully in the Chairman's Statement, considerable progress has also been achieved during the year in the key projects. With cash reserves of £11.1m at the year end, well-defined programmes with clients and additional management resources being engaged to support this activity, the Group is well positioned to move from the 'development and demonstration' phase to the commercial phase in the ensuing year.

The marine fuel programme with Mærsk has continued to be the lead project for the Group during the year, resulting in the successful completion of the 'Proof of Concept' requirements by mid-2014. The other core projects in the Kingdom of Saudi Arabia and with Ecopetrol in Colombia have also progressed during the year. All this activity has, however, been managed well within the approved budget. Development/evaluation cost recoveries have been made from clients where appropriate. The Board regularly reviews the Group business plans, activities and mode of operation against the annual budget and financial position in order to ensure the Company remains appropriately funded to meet the evolving needs of the business.

Results for the Year

The consolidated after-tax loss for the year to 30 June 2014 was £5.9m (2013: £5.0m). This included a charge of £1.7m (2013: £3.2m) for the amortisation of intangible assets and adjustments to available for sale investments, operational and general administration expenses of £2.4m (2013: £1.9m), a share option charge of £1.9m (2013:nil) and interest income of £7k (2013: £17k). The share option charge relates to new options granted during the year.

Basic and diluted loss per share was 0.74p (2013: 0.64p).

Statement of Financial Position

At 30 June 2014, the Group had total assets of £16.3m (2013: £10.3m). The most significant balances were intangible assets of £2.9m (2013: £3.6m), available for sale investments of £1.4m (2013: £2.6m) and cash of £11.1m (2013: £3.2m). 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 £11.1m of cash and cash equivalents (2013: £3.2m), with £2.3m (2013: £1.6m) having been utilised in its operating activities during the year. The Group continues to remain debt free.

Capital Structure

The Company had 807,241,536 ordinary shares of 1p each in issue at 30 June 2014. As announced on 6 March 2014, the Company issued a further 33,437,500 new ordinary shares raising £10.7m (before expenses). The shares placed and issued fell within the authorities granted to the Board under sections 551 and 570 of the Companies Act 2006 at the Annual General Meeting ("AGM") of 15 November 2013. These authorities will be reviewed again at the next AGM, as appropriate. The Company's current issued share capital stands at 807,241,536 ordinary shares of 1p each all with voting rights.

Treasury and Financial Risk Management

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

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

Taxation

The Group has tax losses arising in the UK of approximately £34.8m (2013: £33.7m) that are available, under current legislation, to be carried forward against future profits. £8.3m (2013: £7.9m) of the tax losses represent trading losses within Quadrise Fuels International plc, £23.7m (2013: £23.7m) represent non-trade deficits arising on intangible assets within Quadrise International Limited, £1.2m (2013: £1.2m) represent pre-trading losses incurred by subsidiaries, £1.5m (2013: £0.8m) represent management expenses incurred by Quadrise International Limited, and £0.1m (2013: £0.1m) representcapital losses within Quadrise Fuels International plc.

Outlook

Given the considerable project progress made over the last year, supported by a strengthened treasury at the year end, the Group is forecast to move towards commercial revenues in 2015. Whilst these may be modest initially, the commercial endorsement of MSAR® emulsion fuel by leading players in the marine, refining and power generation industries should provide a solid platform for rapid growth in demand over time. The market for heavy fuel oil is already well established, with over 500 million tons consumed per annum. As already demonstrated, our fuel provides a lower cost alternative to end-users, with greater environmental benefits. We do not, therefore, envisage any practical difficulty in increasing the demand for the fuel once its commercial and environmental credentials are well understood and appreciated by the market.

The Company offers a clear 'commercial framework' for each of our business modes (license, toll-processing and merchant plant) and a deep understanding of the improved refinery economics, on the basis of which we intend to establish commercial terms with our partners and clients. We therefore seek to receive our fair share of the value-add from the application of our technology and the switch to our fuel in commercial operations.

Effective cost control, budgeting, forecasting and management reporting will continued to be applied by the Board in order to maintain a strong treasury and tight resource management in the ensuing year as the Group transitions from the development phase to the commercial phase.

Hemant Thanawala
Finance Director
17 October 2014

Strategic Report

For the year ended 30 June 2014

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

The Company adopted a 'select and focus' strategy in 2010 concentrating on selected markets and clients. Considerable progress was achieved in the key programmes over the year to date. The marine fuel programme developed jointly with Mærsk passed a major milestone with confirmation of 'Proof of Concept" as planned by mid-2014. The other core projects in the Kingdom of Saudi Arabia and with Ecopetrol in Colombia have also progressed during the year. The successful raising of £10.7m (before expenses) through a share placing in March 2014 strengthened the treasury significantly. Having cash reserves of £11.1m at the year end, well-defined programmes with clients and additional management resources being engaged to support these activities, the Group is well positioned to move from the 'development and demonstration' phase to the commercial phase in the ensuing year.

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 2 - 10 of this report.

Going Concern

Following the successful placing of 33,437,500 shares at 32p each as announced on 6 March 2014, and the review of the latest business plan and related commitments, 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.

Commercial risks

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

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

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. The Group makes best use of this limited expertise by developing close relationships with strategic counterparties and by ensuring that key employees are suitably incentivised.

Dependence on key personnel

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

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 Grouphas 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.

Economic, political, judicial, administrative, taxation or other regulatory factors

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

Ian Williams
Executive Chairman
17 October 2014

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

	Notes	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Continuing operations			
Other income	4	**51**	75
Production and development costs		**(720)**	(434)
Amortisation of intangible assets	11	**(685)**	(1,368)
Adjustment to available for sale investments	12	**(1,006)**	(1,819)
Other administration expenses		**(1,690)**	(1,468)
Share option charge	13	**(1,924)**	-
Foreign exchange loss		**(3)**	(1)
Operating loss	5	**(5,977)**	(5,015)
Finance costs	6	**(6)**	(5)
Finance income	7	**7**	17
Loss before tax		**(5,976)**	(5,003)
Taxation	8	**64**	41
Loss for the year from continuing operations		**(5,912)**	(4,962)
Other Comprehensive Income			
Adjustment to available for sale investments - will be recycled subsequently to profit and loss.	12	**(186)**	(1,874)
Other comprehensive loss for the year net of tax		**(6,098)**	(1,874)
Total comprehensive loss for the year		**(6,098)**	(6,836)
Loss for the year attributable to:			
Owners of the Company		**(5,835)**	(4,890)
Non-controlling interest		**(77)**	(72)
Total comprehensive loss attributable to:			
Owners of the Company		**(6,021)**	(6,764)
Non-controlling interest		**(77)**	(72)

Loss per share - pence			
Basic	9	**(0.74)p**	(0.64)p
Diluted	9	**(0.74)p**	(0.64)p

Consolidated Statement of Financial Position
As at 30 June 2014

	Notes	As at 30 June 2014 £'000	As at 30 June 2013 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	**612**	560
Intangible assets	11	**2,924**	3,609
Available for sale investments	12	**1,439**	2,631
Non-current assets		**4,975**	6,800
Current assets			
Cash and cash equivalents		**11,081**	3,243
Trade and other receivables		**170**	161
Prepayments		**76**	79
Current assets		**11,327**	3,483
TOTAL ASSETS		**16,302**	10,283
Equity and liabilities			
Current liabilities			
Trade and other payables		**241**	234
Current liabilities		**241**	234
Equity attributable to equity holders of the parent			
Issued share capital		**8,072**	7,725
Share premium		**68,633**	58,489
Revaluation reserve		**1,035**	1,221
Share option reserve		**3,045**	1,134
Reverse acquisition reserve		**522**	522
Accumulated losses		**(65,126)**	(58,793)
Total shareholders' equity		**16,181**	10,298
Non-controlling interests		**(120)**	(249)
Total equity interests		**16,061**	10,049
TOTAL EQUITY AND LIABILITIES		**16,302**	10,283

Consolidated Statement of Changes in Equity
For the year ended 30 June 2014

	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 2012	**7,225**	**55,780**	**3,095**	**1,134**	**522**	**(53,903)**	**13,853**	**(177)**	**13,676**
Loss for the year	-	-	-	-	-	(4,890)	(4,890)	(72)	(4,962)
Fair value adjustments	-	-	(1,874)	-	-	-	(1,874)	-	(1,874)
Total comprehensive loss for the year	-	-	(1,874)	-	-	(4,890)	(6,764)	(72)	(6,836)
New shares issued net of issue costs	500	2,709	-	-	-	-	3,209	-	3,209
30 June 2013	**7,725**	**58,489**	**1,221**	**1,134**	**522**	**(58,793)**	**10,298**	**(249)**	**10,049**
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	334	9,772	-	-	-	-	10,106	-	10,106

costs)									
Issue of share options	-	-	-	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

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Notes	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Operating activities			
Loss before tax from continuing operations		**(5,976)**	(5,003)
Depreciation	10	**77**	23
Finance costs	6	**6**	5
Finance income	7	**(7)**	(17)
Amortisation of intangible assets	11	**685**	1,368
Adjustment to available for sale investments	12	**1,006**	1,819
Share option charge		**1,924**	-
Working capital adjustments			
(Increase)/decrease in trade and other receivables		**(9)**	109
Decrease in prepayments		**3**	11
Increase in trade and other payables		**7**	63
Cash utilised in operations		**(2,284)**	(1,622)
Finance costs	6	**(6)**	(5)
Taxation received	8	**64**	41
Net cash outflow from operating activities		**(2,226)**	(1,586)
Investing activities			
Finance income	7	**7**	17
Purchase of property, plant and equipment	10	**(129)**	(54)
Net cash outflow from investing activities		**(122)**	(37)
Financing activities			
Issue of Ordinary share capital (net of issue costs)		**10,106**	3,209
Exercise of share options		**80**	-
Net cash inflow from financing activities		**10,186**	3,209
Net increase in cash and cash equivalents		**7,838**	1,586
Cash and cash equivalents at the beginning of the year		**3,243**	1,657
Cash and cash equivalents at the end of the year		**11,081**	3,243

Notes to the Financial Information

1. Basis of Preparation and Significant Accounting Policies

The financial information for the year ended 30 June 2014 set out in this announcement has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

The financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Details of the accounting policies applied are set out in the financial statements for the year ended 30 June 2014.

The financial information is prepared in Pounds Sterling and all values are rounded to the nearest thousand Pounds (£'000) except where otherwise indicated.

The financial information does not constitute the Company's statutory financial statements for the year ended 30 June 2014 but has been extracted from them. These financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors have reported on these financial statements, and their report was unqualified and did not contain any statement under section 498(2) or (3) Companies Act 2006.

Statutory financial statements for the year ended 30 June 2013 have been delivered to the Registrar of Companies. The auditor's report on these financial statements was unqualified and did not contain any statement under section 498(2) or (3) Companies Act 2006.

The Directors do not propose a dividend in respect of the year ended 30 June 2014 (2013: nil).

This announcement was approved by the Board on 17 October 2014.

2. Going Concern

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

The Directors have carried out a detailed assessment of going concern as part of the financial reporting process, taking into consideration a number of matters including forecast cash flows, medium term business plans and expectations over timing of future revenues and realisable value of investments.

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

3. Segmental Information

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

- A business to produce emulsion fuel (or supply the associated technology to third parties) as a low cost substitute for conventional heavy fuel oil ("HFO") for use in power generation plants and industrial and marine diesel engines.
- The holding of a portfolio of non-managed interests, comprising the Available for Sale Investments discussed in note 12.

Information regarding the results of each reportable segment is as follows:

Business Segments

Year ended 30 June 2014	**Emulsion fuel £'000s**	**Non-managed interests £'000s**	**Total £'000s**
Revenue - sale to external customers	-	-	-
Segment result	(2,036)	(1,274)	(3,310)
Unallocated net corporate expenses			(2,667)
Operating loss			(5,977)
Finance costs			(6)
Finance income			7
Loss before tax			(5,976)
Taxation			64
Loss for the year from continuing operations			5,912

As at 30 June 2014	**Emulsion fuel £'000s**	**Non-managed interests £'000s**	**Total £'000s**
Assets and liabilities			
Segment assets	4,018	1,439	5,457
Unallocated corporate assets			10,845
Total assets			16,302
Segment liabilities	122	-	122
Unallocated corporate liabilities			119
Total liabilities			241
Other segment information			
Amortisation of intangible assets	685	-	685
Impairment of intangible assets	-	-	-

Year ended 30 June 2013	**Emulsion fuel £'000s**	**Non-managed interests £'000s**	**Total £'000s**
Revenue - sale to external customers	-	-	-
Segment result	(2,257)	(2,253)	(4,510)
Unallocated net corporate expenses			(508)
Operating loss			(5,018)
Finance costs			(2)
Finance income			17
Loss before tax			(5,003)
Taxation			41
Loss for the year from continuing operations			4,962

As at 30 June 2013	**Emulsion fuel £'000s**	**Non-managed interests £'000s**	**Total £'000s**
Assets and liabilities			
Segment assets	6,020	2,631	8,651
Unallocated corporate assets			1,632
Total assets			10,283
Segment liabilities	163	-	163
Unallocated corporate liabilities			71
Total liabilities			234
Other segment information			
Amortisation of intangible assets	1,368	-	1,368
Impairment of intangible assets	-	-	-

Geographical Segments

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

	30 June 2014 £'000s	30 June 2013 £'000s
Non-current assets		
Europe	3,536	4,169
Canada	1,439	2,631
Total	4,975	6,800

4. Other Income

Other income includes:	**Year ended 30 June 2014 £'000s**	Year ended 30 June 2013 £'000s
Recoverable costs recharged to related parties	51	54
Other recoverable costs recharged	-	21
Total	51	75

5. Operating Loss

Operating loss is stated after charging:	**Year ended 30 June 2014 £'000s**	Year ended 30 June 2013 £'000s

Fees payable to the Company's auditor for the audit of the Company's annual accounts.	**14**	16
Fees payable to the Company's auditor and its associates for other services:		
Audit of accounts of subsidiaries	**15**	16
Tax compliance services	**8**	8
Consultants and other professional fees (including legal)	**179**	242
Depreciation of property, plant and equipment	**77**	23
Amortisation of intangible assets	**685**	1,368

6. Finance Costs

	Year ended 30 June 2014 £'000s	Year ended 30 June 2013 £'000s
Bank charges	**6**	5
Total	**6**	5

7. Finance Income

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

8. Taxation

	Year ended 30 June 2014 £'000s	Year ended 30 June 2013 £'000s
UK corporation tax credit	**(64)**	(41)
Total	**(64)**	(41)

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

Tax Reconciliation	**Year ended 30 June 2014 £'000s**	Year ended 30 June 2013 £'000s
Loss on continuing operations before taxation	**(5,976)**	(5,003)
Loss on continuing operations before taxation multiplied by the UK corporation tax rate of 22.5% (2013: 23.75%)	**(1,345)**	(1,188)
Effects of:		
Impairment of available for sale investments	**227**	432
R&D tax credit	**(64)**	(41)
Tax losses carried forward	**1,118**	756
Total taxation credit on loss from continuing operations	**(64)**	(41)

The Group has tax losses arising in the UK of approximately £34.8m (2013: £33.7m) that are available, under current legislation, to be carried forward against future profits. £8.3m (2013: £7.9m) of the tax losses carried forward represent trading losses within Quadrise Fuels International plc, £23.7m (2013: £23.7m) represent non-trade deficits arising on intangible assets within Quadrise International Limited, £1.2m (2013: £1.2m) represent pre-trading losses incurred by subsidiaries, £1.5m (2013: £0.8m) represent management expenses incurred by Quadrise International Limited, and £0.1m (2013: £0.1m) represent capital losses within Quadrise Fuels International plc.

A deferred tax asset representing these losses and other timing differences at the statement of financial position date of approximately £7.3m (2013: £7.8m) has not been recognised as a result of existing uncertainties in relation to its realisation.

9. Loss Per Share

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

	Year ended 30 June 2014	Year ended 30 June 2013
Loss for the year (£'000s)	**(5,835)**	(4,890)
Weighted average number of shares:		
Basic	**783,491,125**	758,844,761
Diluted	**783,491,125**	758,844,761
Loss per share:		
Basic	**(0.74)p**	(0.64)p
Diluted	**(0.74)p**	(0.64)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 27.1m 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.

10. 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**

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 2012	17	14	13	9	488	541
Additions	-	-	4	7	43	54
Closing balance - 30 June 2013	**17**	**14**	**17**	**16**	**531**	**595**
Depreciation						
Opening balance - 1 July 2012	(5)	(1)	(1)	-	(5)	(12)
Depreciation charge for the year	(7)	(3)	(4)	(3)	(6)	(23)
Closing balance - 30 June 2013	**(12)**	**(4)**	**(5)**	**(3)**	**(11)**	**(35)**
Net book value at 30 June 2013	**5**	**10**	**12**	**13**	**520**	**560**

11. Intangible Assets

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)
Impairment	-	-	-	-
Closing balance - 30 June 2014	(7,686)	(176)	(25,901)	(33,763)
Net book value at 30 June 2014	-	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 2012	7,686	3,100	25,901	36,687
Additions	-	-	-	-
Closing balance - 30 June 2013	7,686	3,100	25,901	36,687
Amortisation and Impairment				
Opening balance - 1 July 2012	(7,686)	(176)	(23,848)	(31,710)
Amortisation	-	-	(1,368)	(1,368)
Impairment	-	-	-	-
Closing balance - 30 June 2013	(7,686)	(176)	(25,216)	(33,078)
Net book value at 30 June 2013	-	2,924	685	3,609

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 are expected to generate net cash inflows for the Group. The assets with indefinite life are not amortised. The remaining intangibles amounting to £25.9m, primarily made up of technology and know-how, are considered as finite assets and 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.

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% (2013: 2.5%) and the pre-tax discount rate applied to the cash flow projections is 12% (2013: 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. A key asset that fits this description was the combination of rights secured under the AkzoNobel Alliance Agreement together with other unpatented technologies, industry know-how and trade secrets, which drive the principal business case for Quadrise. On 20 November 2013, the Alliance Agreement was replaced by two new agreements: The Co-operation and Exclusive Purchase and Supply Agreement, and the Joint Development Agreement, which deal respectively with commercial matters and joint research and technology development.

At 30 June 2014, the Technology and know-how asset was fully amortised. The amortisation of this intangible has resulted in a non-cash charge of £0.685m (2013: £1,368k) to the statement of comprehensive income for the year ended 30 June 2014.

12. Available for Sale Investments

	Consolidated 30 June 2014 £'000s	Consolidated 30 June 2013 £'000s
Unquoted securities		
Opening balance	**2,631**	6,324
Changes in fair value	**(186)**	(1,874)
Impairment charge	**(1,006)**	(1,819)
Closing balance	**1,439**	2,631

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 2014. 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$0.41 on 1 July 2013. Shareholder communications received during the period to 30 June 2014 indicate that the business model of QCC continues to remain uncertain, as does the possibility of any material value being recovered from QCC's asset base. On that basis, the directors have made a full provision against the existing carrying value of the 3,682,500 QCC shares held at 30 June 2014, resulting in a charge of £823k.

The Paxton shares were valued at CAD$4.00 per share as at 1 July 2013. Shareholder communications received since 1 July 2013 show that Paxton continues to make progress in its business activities and there is therefore no indication of impairment in this investment. Based on this, the Directors have concluded that the value of CAD$4.00 per share continues to reflect the fair value of the 652,874 shares held in Paxton as at 30 June 2014. The total value of the Paxton investment as at 30 June 2014 is £1.44m.

ORI shares were valued at CAD$0.02 per share on 1 July 2013. Although ORI continues to operate, the viability of its present business model continues to remain highly doubtful and no material amounts are expected to be realised from its remaining assets. The directors have therefore made a full provision against the existing carrying value of the 5,682,500 ORI shares held at 30 June 2014, resulting in a charge of £70k.

The Porient shares were valued at CAD$0.001 per share on 1 July 2013. 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 also be fully provided against, resulting in a charge of £2k.

13. 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 2014	**WAEP (pence) 30 June 2014**	Number 30 June 2013	WAEP (pence) 30 June 2013
Outstanding as at 1 July	**30,000,000**	**5.27**	34,750,000	7.16
Granted during the year	**20,000,000**	**34.56**	-	-
Expired during the year	**-**	**-**	(4,750,000)	19.09
Exercised during the year	**(6,400,000)**	**2.19**	-	-
Options outstanding as at 30 June	**43,600,000**	**19.16**	30,000,000	5.27
Exercisable as at 30 June	**30,183,333**	**12.35**	30,000,000	5.27

The weighted average remaining contractual life of the 43.6 million options outstanding at the statement of financial position date is 4.91 years (2013: 3.6 years). The weighted average share price during the year was 29.07p (2013: 10.96p) 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.

On 9th October 2013, the Company issued 1 million share options to employees with an exercise price of 23.25p. The weighted fair value of the options granted was 7p. A charge of £40k has been charged to the Statement of Comprehensive Income for the year in relation to these options.

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

Stock price	23.25p
Exercise price	23.25p
Interest rate	0.5%
Volatility	68.29%
Time to maturity	1.3 years

On 2 April 2014, the company issued 19 million share options to directors with an exercise price of 35.16p. The weighted average fair value of the options granted was 22p. A charge of £1.9m has been charged to the Statement of Comprehensive Income for the year in relation to these options.

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

Stock price	31.38p
Exercise price	35.16p
Interest rate	0.5%
Volatility	93.29%
Time to maturity	5.0 years

14. 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 £60k (2013: £81k), out of which £60k (2013: £46k) was for consulting services and £nil (2013: £34k) for non-executive Director fees. The balance payable at the statement of financial position date was £4k (2013: £6k).

Ian Duckels is also a Director of Ritoil Associates Limited, which has provided consulting services and non-executive director services to the Group. The total fees charged for the year related to non-executive Director fees and amounted to £nil (2013: £24k), out of which £nil (2013: £3k) was for consulting services and £nil (2013: £21k) for non-executive Director fees with a balance of £nil (2013: £nil) payable at the statement of financial position date.

Jason Miles is also a Director of ROE Projects Limited, which has provided consulting services to the group. The total fees charged for the year amount to £242k (2013: £198k). The balance payable at the statement of financial position date was £15k (2013: nil).

Ian Williams and Hemant Thanawala are directors of International Energy Services Limited ("IESL"). QFI provided services to IESL during the year for which QFI received income of £51k (2013:£54k). The balance receivable at the statement of financial position date was £14k (2013: £12k).

On 7 May 2014, the Company issued 860,645 new ordinary shares in the Company, equating to a value of £292k, to an executive staff member in consideration for the acquisition by Quadrise International Limited of his 6.25% holding in each of Quadrise Marine Limited, Quadrise KSA Limited, Quadrise Americas Limited and Quadrise KSA 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.

15. Comparative Information

The following figures have been reclassified to conform with the presentation of the current financial year:

Consolidated Statement of Comprehensive Income (Extract):

	Year ended	Year ended

	30 June 2013 As restated £'000	30 June 2013 As previously reported £'000
Other income	75	75
Production and development costs	(434)	(112)
Amortisation of intangible assets	(1,368)	(1,368)
Impairment of available for sale investments	(1,819)	(1,819)
Other administration expenses	(1,468)	(1,790)
Foreign exchange loss	(1)	(1)
Operating loss	(5,015)	(5,015)

Professional service expenses relating to research and development have been reclassified from Other Administration Expenses to Production and Development Costs during the period.

16. Copies of the Annual Report

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

This information is provided by RNS
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