

Company Registration No. 08094042 (England and Wales)

ECO QUEST PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014



**Jeffreys Henry LLP
Finsgate
5-7 Cranwood Street
London
EC1V 9EE**

ECO QUEST PLC

COMPANY INFORMATION

Directors	Mr George Robert Boot Mr Robin Pugh Mr John Davies
Secretary	Mr George Robert Boot
Company number	08094042
Registered office	1 Charterhouse Mews London EC1M 6BB
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Bankers	HSBC Bank Plc City of London 60 Queen Victoria Street London EC4N 4TR
Solicitors	DWF LLP 20 Fenchurch Street London EC3M 3AG

ECO QUEST PLC

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ECO QUEST PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2014

Principal activities and fair review of the business

Eco Quest Plc's principal activity is that of investment in ecologically friendly projects. The company made a loss of £386,207 for the year ended 30 June 2014. Last year the company invested £2,204,224 in a teak plantation in Brazil with an assured return of 8%. The intention was that the company would be working with the plantation operator to increase this return through economies of scale and through the development of additional revenue streams. However following an on-site review by a specialist consultant, it would appear that proper title to the land was never completed. The Company is taking action through the UK courts for the return of the investment. The company is also taking action through the UK courts for a separate loan of £123,200 to GFI Consultants Limited ("GFI") and accrued income on the investment of £2,204,224 which as at 30 June 2014 totalled £314,643.

Due to the concerns over the possible shortfall in recovery's, in October 2014 the principal shareholder, Mr. John Davies transferred 750,000 shares (15%) in The Just Loans Group Plc to the company to cover any possible loss. The shares were transferred at nil cost.

During the year the company has further loaned a net amount of £322,500 into City Oils Ltd, a company developing a facility for converting used cooking oil into biofuel. The Company also owns 23% in City Oils. At the year end the loan balance was £730,500 (2013 - £408,000).

As a result of a Loan, since repaid, the company also owns 15% of Pure World Energy Ltd, a company which brings innovative solutions in the renewable, sustainable and alternative energy markets through energy reduction, energy replacement and energy management.

The Company's debentures were admitted to trading on the GXG Main Quote market on 24 August 2014. This trading facility enables debenture holders who need to sell their debentures prior to maturity to do so.

Principal risks and uncertainties

Included in debtors is an amount of £2,204,224 which was previously included in Investments. This represents the amount that was to be invested in leases of a teak plantation in Brazil through GFI.

In March 2014 the Company reported that due to the outstanding rent and other concerns it had commissioned a detailed appraisal of the Para Sky plantation. The report indicated that GFI was in material breach of its contractual obligations and that neither it nor the entities it controlled had ownership of the plantation. That being so no plantation management had been carried out and no returns could be expected. Solicitors were appointed to commence proceedings against GFI and Skeene and Bowers (the two directors of GFI) for recovery of the purchase price and/or damages. At hearings on Tuesday 8th July, Tuesday 15 July 2014 and subsequently, the Company was granted a freezing order against Skeene & Bowers by which certain assets are restricted from disposal. Orders were also made requiring the provision of information by GFI. The directors believe that this is the correct course to take in the company's interests in order to secure a recovery in relation to the investment.

The Company remains confident of the outcome of the litigation and hopeful of a substantial recovery of the investment. However, John Davies, the principal shareholder in the Company wanted to ensure that, as far as possible, the debenture holders in the Company are protected from any loss of capital and in order to do so on 28 October 2014 transferred 750,000 shares in another company in which he owns a substantial interest, The Just Loans Group Plc ("The Just Loans Group"), to the Company at nil cost.

As a result of this transfer by John Davies, as from 28 October 2014 the Company owns 15% of The Just Loans Group. The Just Loans Group is the holding company of a Group the principal operating companies of which are:

- Just Cash Flow Plc
- Just Finance Loans and Investments Ltd
- Just Bridging Loans Ltd

ECO QUEST PLC

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

Overall, the principal risks faced by the Company are economic factors, fluctuations in exchange rates and the ability to secure future investments as well as the outcome of the court case.

Key performance indicators

The performance indicators relative to revenue and gross margin follows. There was no significant capital expenditure in the period. There are no non-financial performance indicators being used at present. Salient points are:

	2014	2013
Turnover	£176,338	£157,305
Loss for the period	£386,207	£723,725
Cash and Cash equivalents	£567,036	£886,773

Dependences on key personnel

Whilst the Company intends to enter into contractual arrangements with the aim of securing the services of its executive Directors, the retention of their services cannot be guaranteed.

Future developments

The company has taken action against a number of introducers and hope to secure the return of the funds.

On behalf of the board



Mr George Robert Boot

Director

26 November 2014

ECO QUEST PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

The directors present their report and financial statements for the year ended 30 June 2014

Principal activities

The principal activity of the company is that of investment in ecologically friendly projects, please refer to the strategic report for further detail.

Results and dividends

The results for the period are set out on page 9.

Future developments

As per the strategic report.

Directors

The following directors have held office during the year:

Mr George Robert Boot
Mr Robin Pugh
Mr John Davies
Mr Christopher Croft (Resigned 10 July 2013)

Directors' interest

At the date of this report the directors held the following beneficial interest in the ordinary share capital and share options of the company:

	Ordinary shares No.	Ordinary shares No.
	2014	2013
Mr George Robert Boot	12,500	12,500
Mr John Davies	37,500	37,500

Substantial interests

As at 21/11/2014 the following had an interest of 3% or more in the ordinary share capital of the Company:

	Ordinary shares No.	Percentage
Mr George Robert Boot	12,500	25.0
Mr John Davies	37,500	75.0

Creditor payment policy

The company's policy is to pay creditors within the agreed terms which are generally no more than 30 days.

Financial risk and management of capital

The major balances and financial risks to which the company is exposed to and the controls in place to minimise those risks are disclosed in Note 4. The principal current assets of the business is its Investments and receivables.

A description of how the company manages its capital is also disclosed in Note 4.

The Board considers and reviews these risks on a strategic and day-to-day basis in order to minimise any potential exposure.

ECO QUEST PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

Financial instruments

The company has not entered into any financial instruments to hedge against interest rate or exchange rate risk.

The debentures issued by the company are 5 year fixed term and carry a 5.5% interest rate. The debentures are secured by a floating charge over the assets of the company which is held on behalf of the debenture holders by an independent trustee company.

Auditors

Jeffreys Henry LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the company financial statements have been prepared in accordance with IFRS as adopted by the European Union subject to any material departures disclosed and explained in the Financial Statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

Each person who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board



Mr George Robert Boot
Director

26 November 2014

ECO QUEST PLC

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

The board has sought to comply with a number of the provisions of the UK Corporate Governance Code ("Code") published by the Financial Reporting Council in 2013 in so far as it considers them to be appropriate to company of their size and nature. They make no statement of compliance with the Code overall and do not 'explain' in detail any aspect of the Code with which they do not comply.

The Directors have formed an Audit Committee. The Chairman of the committee is John Davies. The other members of the Audit Committee are Robert Boot. The Chairman of the Audit Committee has the right to require the attendance of the Finance Director of the Company at meetings of the committee.

The audit committee operate with the following terms of reference:

Audit Committee

- to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- to review the Company's internal financial controls and, unless expressly addressed by a separate board risk committee composed of independent directors, or by the Board itself, to review the Company's internal control and risk management systems;
- to monitor and review the effectiveness of the Company's internal audit function;
- to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; and
- to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

As and when the Company employs staff the Audit Committee is to review arrangements by which such staff may raise concerns about possible improprieties in matters of financial reporting or other matters so that a proportionate and independent investigation of such matters can take place, together with the instigation of appropriate follow up action.

The Audit Committee will also consider annually whether there is any need to put in place an internal audit function which, if put in place, is to be monitored and reviewed by the Audit Committee.

Internal controls

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and company assets. The Directors monitor the operation of internal controls. The objective of the system is to safeguard company assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can only provide reasonable, but not absolute assurance against material misstatement or loss.

Internal financial control procedures undertaken by the Board include:

- Review of biannual financial reports and monitoring performance.
- Prior approval of all significant expenditure/Loans including all major investment decisions.
- Review and debate of treasury policy.

ECO QUEST PLC

CORPORATE GOVERNANCE STATEMENT (CONTINUED) **FOR THE YEAR ENDED 30 JUNE 2014**

The Board has reviewed the operation and effectiveness of the company's system of internal control for the financial period and the period up to the date of approval of the financial statements.

UK Corporate Governance Code

The Directors have adopted the approach in the principles in the Code. While they acknowledge the principle of a clear division of responsibilities between the running of the Board of Directors and the executive responsibility for the running of the Company's business, they consider that the Company's business can best be advanced by the Board of Directors acting as one body in making investment decisions.

The Board considers that the principle in the Code relating to relations with shareholders should also apply to relations with holders of Debentures. Although the holders of Debentures will not attend general meetings of the Company the Board believes that communication with holders of Debentures on a regular basis is important.

The Directors have considered the provision in the Code for the appointment of one of the independent Non-Executive Directors to be the senior Independent Director. At the current time the Board is not large enough to accommodate such an appointment. The Directors will however, consider the appointment of a senior Independent Director when appropriate.

ECO QUEST PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECO QUEST PLC

We have audited the financial statements of Eco Quest for the year ended 30 June 2014 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. Because of the matters describe in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and Directors report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for disclaimer of opinion on the financial statements

In seeking to form an opinion on the financial statements we considered the implications of the significant uncertainties disclosed in the financial statements concerning the following matters:

1. The company made a loss for the year of £386,207 and at 30 June 2014 the company had net current liabilities of £1,059,932. As explained in note 2, the projected cash flows prepared by the director's forms the basis for the financial statements to be prepared on the going concern basis. These rely on the assumptions that payment agreements with suppliers will not be subject to significant change and that the total monies due from GFI Consultants Limited of £2,642,067, referred to in point 2, below will be recovered. In our opinion a reliable consistent basis on which to prepare project cash flow information has not been provided as the claim against GFI Consultants Limited is unlikely to be resolved in the short-term consequently the quantum and timing of any settlement amount cannot be determined at this early stage.

ECO QUEST PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECO QUEST PLC (CONTINUED)

Basis for disclaimer of opinion on the financial statements (Continued)

2. The company has commenced proceedings against GFI Consultants Limited for recovery of the following amounts:
 - I. The company's investment of £2,204,224
 - II. A separate loan of £123,200
 - III. Accrued rental income on the plantations of £314,643

The company's legal representatives in this matter have stated that it is not possible to evaluate the likely financial recovery at this early stage.

As a result of the above we have been unable to obtain sufficient reliable audit evidence concerning debtor balances. In addition these circumstances indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared under the going concern basis but disclose these circumstances under note 2.

Disclaimer of opinion on financial statements

Because of the significance of the possible impact of the uncertainties described in the Basis for disclaimer of opinion on financial statements paragraph, we have not been able to obtain sufficient audit evidence to provide a basis for an audit opinion. Accordingly we not express an opinion on the financial statements.

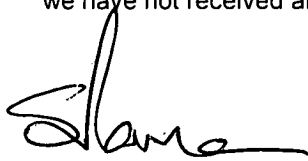
Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Sanjay Parmar
Senior Statutory Auditor

For and on behalf of
Jeffreys Henry LLP (Statutory Auditors)
Finsgate 5-7 Cranwood Street
London
EC1V 9EE

Date: 26 November 2014

ECO QUEST PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

		Year ended 30 June 2014	Period ended 30 June 2013 (Restated)
	Notes	£	£
Continuing operations			
Revenue	6	176,338	157,305
Cost of sales		-	-
Gross profit		<u>176,338</u>	<u>157,305</u>
Administrative expenses		(274,620)	(695,582)
Operating Loss	7	<u>(98,282)</u>	<u>(538,277)</u>
Finance income	9	104,102	95,963
Finance costs	10	(392,027)	(281,411)
Loss on ordinary activities before taxation		<u>(386,207)</u>	<u>(723,725)</u>
Income tax expense	11	-	-
Loss for the year		<u><u>(386,207)</u></u>	<u><u>(723,725)</u></u>
Loss per share (expressed in pence per share)	12	<u><u>(772)p</u></u>	<u><u>(1,447)p</u></u>

The notes on pages 13 to 25 form part of these financial statements.

ECO QUEST PLC

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2014

	Notes	As at 30 June	
		2014	2013
		£	£
Assets			
Non-current Assets			
Investments	14	75	2,204,269
Loans receivable	15	730,500	312,375
		<u>730,575</u>	<u>2,516,644</u>
Current assets			
Other receivables	16	2,735,265	512,637
Loans receivable	15	100,000	419,825
Cash and cash equivalents	17	567,037	886,773
		<u>3,402,302</u>	<u>1,819,235</u>
Total assets		<u>4,132,877</u>	<u>4,335,879</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares	18	50,000	50,000
Retained earnings	19	(1,109,932)	(723,725)
Total equity		<u>(1,059,932)</u>	<u>(673,725)</u>
Liabilities			
Non-current liabilities			
Borrowings	20	4,899,498	4,816,350
Current liabilities			
Trade and other payables	21	293,311	193,254
Total liabilities		<u>5,192,809</u>	<u>5,009,604</u>
Total equity and liabilities		<u>4,132,877</u>	<u>4,335,879</u>

The notes on pages 13 to 25 form part of these financial statements.

Approved by the Board and authorised for issue on 26 November 2014



Mr George Robert Boot
Director
Company Registration No. 08094042

ECO QUEST PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Share Capital £	Retained Losses £	Total £
At 6 June 2012	-	-	-
Changes in equity			
Issue of share capital	50,000	-	50,000
Total comprehensive loss	-	(723,725)	(723,725)
At 30 June 2013	50,000	(723,725)	(673,725)
At 1 July 2013	50,000	(723,725)	(673,725)
Total comprehensive loss	-	(386,207)	(386,207)
At 30 June 2014	50,000	(1,109,932)	(1,059,932)

Share capital is the amount subscribed for shares at nominal value.

Retained losses represent the cumulative loss of the Company attributable to equity shareholders.

The notes on pages 13 to 25 form part of these financial statements.

ECO QUEST PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

		Year ended 30 June 2014	Period ended 30 June 2013 (Restated)
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	26	(74,988)	(1,702,915)
Finance income received		75,828	54,624
Finance costs paid		(306,251)	(559,667)
Net cash generated from operating activities		(305,411)	(2,207,958)
Cash flows from investing activities			
Payments to acquire investments		(75)	(2,204,269)
Net cash generated from financing activities		(75)	(2,204,269)
Cash flows from financing activities			
Issue of ordinary share capital		-	50,000
Proceeds from issue of debenture loans		-	5,249,000
Repayment of issued debenture loans		(14,250)	-
Net cash generated from financing activities		(14,250)	5,299,000
Net increase in cash and cash equivalents		(319,736)	886,773
Cash and cash equivalents at the beginning of the year		886,773	-
Cash and cash equivalents at end of year		567,037	886,773

The notes on pages 13 to 25 form part of these financial statements.

ECO QUEST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1 General information

Eco Quest Plc is a company incorporated in the United Kingdom. The address of the registered office is disclosed on the company information page at the front of the annual report. The principal activities of the Company are described in the directors' report.

The company is a public limited company, which is listed on the GXG First Quote market. The company also has debentures quoted on the GXG Main Quote market.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. IFRS comprises of standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU).

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The directors are aware that material uncertainties exists about the entity's ability to continue as a going concern but have prepared the accounts on the going concern basis. Last year the company invested £2,204,224 in a teak plantation in Brazil with an assured return of 8%. The intention was that the company would be working with the plantation operator to increase this return through economies of scale and through the development of additional revenue streams. However following an on-site review by a specialist consultant, it would appear that proper title to the land was never completed. The Company is taking action through the UK courts for the return of the investment. The company is also taking action through the UK courts for a separate loan of £123,200 to GFI Consultants Limited ("GFI") and accrued income on the investment of £2,204,224 which as at 30 June 2014 totalled £314,643. Although material uncertainties exist the directors believe the amounts under claim are fully recoverable and the company will be able to continue in operational existence for the foreseeable future.

Preparation of financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

New and amended standards adopted by the Company

The company has adopted the following new and amended IFRSs as of 30 June 2014:

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 July 2013 that would be expected to have a material impact on the company.

ECO QUEST PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

2 Summary of significant accounting policies (Continued)

Standards, interpretations and amendments to published standards that are not yet effective

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 July 2013 and have not been early adopted:

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
IFRS 2, IFRS 3	Amendments resulting from Annual improvements 2010-12 Cycle	IFRS 2: clarifies definition of vesting conditions IFRS 3: clarifies contingent consideration in a business combination	1 July 2014
IAS 19	Defined Benefit Plans: Employee Contributions	Clarifies that the treatment of contributions when they are independent of the number of years of service.	1 July 2014
IFRS 9	Financial Instruments	Revised standard for accounting for financial instruments	1 January 2015
IAS 36	Impairment of assets	Limited scope amendments to disclosure requirements	1 January 2014
IAS 39	Hedge accounting and novation of derivatives	Provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria	1 January 2014
IFRS 21	Accounting for levies imposed by governments	Clarifies that the obligating event giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payment of the levy	1 January 2014
IFRS 10, IFRS 12, IAS 27	Exception from consolidation for 'investment entities'	Amendments have been made to define an 'investment entity' and to introduce an exception from consolidation and the required disclosures.	1 January 2014
IAS 32	Financial Instruments: Presentation	Clarifies the requirements for offsetting of financial assets and financial liabilities	1 January 2014
IFRS 14	Regulatory deferral accounts	Aims to enhance the comparability of financial reporting by entities subject to rate-regulations	1 January 2016
IFRS 15	Revenue from contracts with customers	Specifies how and when to recognise revenue from contracts as well as requiring more information and relevant disclosures.	1 January 2017
IFRIC 21	Levies	Provides guidance on when to recognise a liability for government levies	1 January 2014

The Directors anticipate that the adoption of these standard and the interpretations in future period will have no material impact on the financial statements of the company.

2.2 Revenue

Revenue represents amounts generated in the course of the Company's business operations and use of its assets.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.4 Financial assets and liabilities

The company classifies its financial assets at fair value through profit and loss or as loans and receivables and classifies its financial liabilities as other financial liabilities. Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measured initially at fair value. At inception transaction cost that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss, is added to the fair value of the financial asset and deducted from the fair value of the financial liability.

ECO QUEST PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

2.4 Financial assets and liabilities (Continued)

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans are recognised when the funds are advanced to customers. Loans and receivables are carried at amortised cost using the effective interest method (see below).

(b) Other financial liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments. Other financial liabilities are recognised when cash is received from the depositors. Other financial liabilities are carried at amortised cost using the effective interest method. The fair value of other liabilities repayable on demand is assumed to be the amount payable on demand at the Statement of Financial Position date.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the company has transferred substantially all of the risks and rewards of ownership. In transaction in which the company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. There have not been any instances where assets have only been partly derecognised. The company derecognises a financial liability when its contractual obligation are discharge, cancelled or expire.

Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and maturity amount, minus any reduction for impairment.

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of assets and liabilities in active markets are based on current bid and offer prices respectively. If the market is not active the company establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net present value and discounted cash flow analysis.

2.5 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.6 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

ECO QUEST PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

2.7 Fixed asset investments

The company's interest in land in Brazil are valued on the basis of open market value. These values are retained subject to the requirement to test assets for impairment. During the period this investment has subsequently been reclassified as another receivable, refer to the detail disclosed within note 2.1.

Other fixed asset investments are stated at cost less provision for diminution in value.

2.8 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

2.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings consist of interest bearing debentures which are quoted.

2.10 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.11 Income tax expense

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

ECO QUEST PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

2.11 Income tax expense (Continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3 Critical accounting estimates and judgments

The company makes certain judgements and estimates which affect the reported amount of assets and liabilities. Critical judgements and the assumptions used in calculating estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Impairment of loans and other receivables

The company reviews its portfolio of receivables to assess impairment at least on a half-yearly basis. The basis for evaluating impairment losses is determining whether a loss event has occurred, the criteria used (but which is not limited to) is:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower; and
- Initiation of liquidation proceedings.

In determining whether an impairment loss should be recognised the company makes judgements as to whether there is a loss event indicates that there is a measurable decrease in the estimated future cash flows of the respective receivable.

No impairment provision has been made against loans or other receivables during the year.

4 Financial risk management

4.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

a) Foreign exchange risk

The Company incurs expenses subject to foreign currency fluctuations.

ECO QUEST PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

4 Financial risk management (Continued)

4.1 Financial risk factors (Continued)

b) Credit risk

The company take on exposure to credit risk, which is this risk that the counterparty will be unable to pay amounts in full when due. A formal Credit Risk Policy has been agreed by the Board who review credit risk on a monthly basis. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also maintained by obtaining collateral, the loans to customers include a deed of indemnity and personal guarantees and the directors therefore believe there is a low risk of customer default.

The maximum exposure to credit risk for the Company was as follows:

Credit risk exposure relating to on-balance sheet assets are as follows:	2014 £	2013 £
Loans	830,500	825,012
Other receivables	2,445,494	165,181
Accrued income on GFI investment	314,643	138,305
Accrued interest on loans and receivables	69,613	41,339
At 30 June	3,660,250	1,169,837

c) Cash flow and Interest rate risk

The company does not have any borrowings other than its debentures which are at a fixed rate of interest exposing the company to fair value interest rate risk. The company does not manage any cash flow interest rate risk.

d) Liquidity risk

The company is careful to ensure that its loans and investments can be realised prior to the due date for the repayment of the debentures. This applies equally to the underlying investments of the companies or projects in which the company invests.

e) Capital risk

The company takes great care to protect its capital investments. Significant due diligence is undertaken prior to making any investment. The investment is closely monitored.

f) Market risk

The company may operate in many different geographical markets. A general economic downturn at a global level, or in one of the world's leading economies, could impact on the company. In addition, terrorism and other hostilities, as well as disturbances in worldwide financial markets, could have a negative effect on the company. Regulatory requirements, taxes, tariffs and other trade barriers, price or exchange controls or other governmental policies could also limit the company's operations. These risks are also applicable to most companies and the risk that company will be more affected than the majority of companies is assessed as small.

g) Price risk

The company's principal activity is provision of loans, the company does not have a diversified portfolio of services and is therefore at risk. The company is careful to ensure that its loans and investments can be realised prior to the due date for the repayment of the debentures. This applies equally to the underlying investments of the companies or projects in which the company invests.

ECO QUEST PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

4 Financial risk management (Continued)

4.2 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure appropriate for its growth plans.

To maintain or adjust the capital structure the Company may issue new shares or alter debt levels.

5 Prior period presentation adjustment

For the period ended 30 June 2013 the company has reclassified commission on issued debentures of £75,357 from cost of sales to finance costs. The expense should be classified as a finance cost as the commission on issued debentures is being capitalised and amortised over the life of the debenture.

The company has also restated its cash flows as at 30 June 2013.

6 Segment information

The total turnover of the company for the year has been derived from its principal activity.

Segmental analysis by geographical area

	Revenue 2014 £	Revenue 2013 £
Geographical market		
Investments in Brazil	176,338	138,305
Investments in UK	-	19,000
	<u>176,338</u>	<u>157,305</u>

Operating loss

All operating loss is generated in the UK, except for investment income which is generated in Brazil.

Net Assets

	2014 £	2013 £
Geographical market		
Net assets in Brazil	2,642,067	2,465,729
UK	(3,701,999)	(3,139,454)
Net operating assets	<u>(1,059,932)</u>	<u>(673,725)</u>

Liabilities

All liabilities arise in the UK.

7 Operating loss

	2014 £	2013 £
Operating loss is stated after charging:		
Directors' emoluments	73,458	141,720
Fees payable to the company's auditor for the audit of the company's annual accounts	10,000	5,000
	<u>83,458</u>	<u>146,720</u>

ECO QUEST PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

8 Employee benefit expense

	2014 £	2013 £
Employees and Directors		
Wages and salaries	73,458	146,060
Social security costs	2,704	5,860
	<u>76,162</u>	<u>151,920</u>

The average monthly number of employees (including directors) during the period was:

	2014 Number	2013 Number
Directors	3	3
Staff	-	1
	<u>3</u>	<u>4</u>

9 Finance income

	2014 £	2013 £
Other interest receivable	<u>104,102</u>	<u>95,963</u>

10 Finance costs

	2014 £	2013 £
Finance cost in relation to debenture	385,027	281,411
Other finance cost	7,000	-
	<u>392,027</u>	<u>281,411</u>

11 Taxation

	2014 £	2013 £
Total current tax	-	-
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	<u>(386,207)</u>	<u>(723,725)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2013: 23%)	(77,241)	(166,457)
Effects of:		
Non-deductible expenses	-	84
Tax losses carried forward	<u>77,241</u>	<u>166,373</u>
	<u>-</u>	<u>-</u>

ECO QUEST PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

11 Taxation (Continued)

Current tax charge for the period

The company has estimated tax losses of £1,100,000 (2013 – £720,000) available for carry forward against future trading profits.

The deferred tax assets at a rate of 20% (2013 – 20%) at the year-end of £220,000 (2013 - £144,000) has not been recognised in the financial statements due to the uncertainty of the recoverability of the amount.

12 Loss per share

	2014 £	2013 £
Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period:		
Loss after tax attributable to equity holders of the Company	(386,207)	(723,725)
Weighted average number of ordinary shares	50,000	50,000
Basic and diluted loss per share	<u>(772)p</u>	<u>(1,447)p</u>

13 Dividends

No dividends were paid or proposed for the year ended 30 June 2014.

14 Fixed asset investments

	Interest in land £	Unlisted investments £	Total £
Cost			
At 1 July 2013	2,204,224	45	2,204,269
Additions	-	30	30
Transfers	(2,204,224)	-	(2,204,224)
At 30 June 2014	<u>-</u>	<u>75</u>	<u>75</u>
Net book value			
At 30 June 2014	<u>-</u>	<u>75</u>	<u>75</u>
At 30 June 2013	<u>2,204,224</u>	<u>45</u>	<u>2,204,269</u>

The valuation of the teak plantation holding in Brazil was valued in March 2014 by Thomson Reuters Point Carbon Advisory Services, an independent firm providing specialist energy and emissions trading industry consultancy services in the fields of energy and the environment. The valuer concluded that an appropriate value for Eco Quest PLC's teak plantation holding as at the balance sheet date was £2,204,224.

ECO QUEST PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

14 Fixed asset investments (Continued)

The £2,204,224 interest in land of the teak plantation holding in Brazil during 2014 was reclassified as a debtor as Eco Quest is resolved to recover the monies. The company is confident it will recover the funds. More information regarding why the investment has been transferred during the year is detailed in note 2.1.

At 30 June 2014 Eco Quest had a 23% shareholding in City Oil Limited and a 15% shareholding in Pure World Energy Limited.

The carrying amount of other unlisted investments approximates to its fair value.

15 Loans receivable

	2014 £	2013 £
Loans receivable	<u>830,500</u>	<u>732,200</u>
	2014 £	2013 £
Due within 1 year	100,000	419,825
Falling due in more than 1 year	<u>730,500</u>	<u>312,375</u>

16 Other receivables

	2014 £	2013 £
Other receivables	2,345,494	257,492
Prepayments	5,515	75,500
Accrued income	384,256	179,645
	<u>2,735,265</u>	<u>512,637</u>

The carrying amount of other receivables approximate to its fair value.

17 Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at banks and on hand and deposits with banks. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

	2014 £	2013 £
Cash and cash equivalents	<u>567,037</u>	<u>886,773</u>

The carrying amount of cash and cash equivalents approximates to its fair value.

ECO QUEST PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

18 Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
5,000,000 Ordinary shares of £0.01 each	<u>50,000</u>	<u>50,000</u>

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

19 Retained earnings

	£
At 6 June 2012	-
Loss for the period	(723,725)
At 30 June 2013	<u>(723,725)</u>
At 1 July 2013	(723,725)
Loss for the year	(386,207)
At 30 June 2014	<u>(1,109,932)</u>

20 Borrowings

	2014 £	2013 £
Non-current		
Debentures issued	4,899,498	4,816,350
	<u>4,899,498</u>	<u>4,816,350</u>

All commissions paid have been included within non-current borrowings. All non-current borrowings are wholly repayable within five years.

The debentures are secured by first floating charge over all of the assets of the company, bear interest of 5.5% per annum paid in two half yearly instalments. The debentures will expire in December 2017 and are due for repayment on this date.

Included within debentures is capitalised commission of £335,252 (2013 - £432,650).

Debentures of £14,250 (2013 - £nil) were repaid during the financial year.

21 Other payables

	2014 £	2013 £
Other payables	119,633	1,701
Accruals	173,678	191,553
	<u>293,311</u>	<u>193,254</u>

Accruals principally comprise amounts outstanding for ongoing expenses and accrued interest on issued debentures. The carrying amount of other payables approximates to its fair value.

ECO QUEST PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

22 Control

The company is controlled by John Davies by virtue of his 75% shareholding.

23 Related party relationships and transactions

The short term Loan with Ko-Su Ltd, a company of which John Davies is a director, dated 18 October 2012 was repaid in full with interest on the 03 September 2014. As at 30 June 2014 included within Loans and receivables was an amount owed to the company of £100,000 (2013 - £100,000). The loan is unsecured.

Eco Quest Plc has a loan agreement with Just Loans Plc, a company of which John Davis, Robert Boot and Robin Pugh are directors and shareholders for short term loans up to a maximum of £300,000, the loans do not bear interest and are unsecured. The balance outstanding due to The Just Loans Group Plc as at 30 June 2014 was £119,839 (2013 - £256,493 due from).

Eco Quest Plc is related to Pure World Energy Limited as Robin Pugh is a common director. As at 30 June 2014 the company held a 15% shareholding in the company. The company had advanced money to the company during the period but this was repaid before the year-end. During the year the loan was accruing interest of 1% per month, the total interest charged for the period was £20,241. The loan is secured by a fixed and floating charge over all property and assets.

Eco Quest Plc is related to City Oils Limited as Robin Pugh is a common director. As at 30 June 2014 the company held a 23% shareholding in the company. The company had advanced money to the company during the period, the capital amount outstanding included within in loans and receivables at the year-end was £730,500 (2013 - £408,000). The loan is accruing interest at 1% per month and included within accrued income at the year-end was accrued interest of £59,613 (2013 - £500). The total interest charged for the period was £71,211. The loan is secured by a fixed and floating charge over all property and assets.

Eco Quest Plc is related to Ko-Su Limited as John Davies is a common director. The company had advanced money to the company during the period, the capital amount outstanding included within in loans and receivables at the year-end was £100,000 (2013 - £100,000). The loan is accruing interest at 2% per month and included within accrued income at the year-end was accrued interest of £10,000 (2013 - £11,000). The total interest charged for the period was £24,000. The loan is unsecured.

24 Contingent liabilities

The company has no contingent liabilities in respect of legal claims arising from the ordinary course of business.

25 Capital commitments

There was no capital expenditure contracted for at the end of the reporting period but not yet incurred.

ECO QUEST PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

26 Cash generated from operations

	2014	2013
	£	(Restated) £
Reconciliation to cash generated from operations		
Loss before taxation	(386,207)	(723,725)
Adjustments for:		
- Finance income	(104,102)	(95,963)
- Finance costs	392,027	281,411
- Non-controlling interest arising on business acquisitions		
Changes in working capital:		
- Increase in loans and other receivables	(88,385)	(1,203,498)
- Increase/(Decrease) in trade and other payables	111,679	38,860
	<u>(74,988)</u>	<u>(1,702,915)</u>

27 Events after the reporting period

There were no events after the reporting period that require disclosure.