NOTICE TO READER

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, Questor Technology Inc. discloses that its auditors have not reviewed the unaudited interim financial statements for the three-month and six-month periods ended June 30, 2008 and June 30, 2007.

QUESTOR TECHNOLOGY INC.
BALANCE SHEETS
(unaudited)

As at	June 30 2008	December 31 2007
ASSETS		
Current assets		
Cash *(note 3)*	**$ 2,547,526**	$ 2,753,997
Accounts receivable	**1,159,134**	1,062,716
Inventory *(note 4)*	**512,695**	526,401
Prepaid expenses and deposits	**40,554**	98,609
Future income tax asset	**61,875**	-
	4,321,784	4,441,723
Property and equipment *(note 5)*	**1,222,329**	1,299,677
Intangibles	**99,300**	73,678
Future income tax asset	**59,596**	31,480
	$ 5,703,009	$ 5,846,558
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$ 417,798**	$ 501,314
Short-term debt	**410,746**	191,186
Current portion of long-term debt	**49,204**	60,183
Income and other taxes payable	**8,632**	115,707
Deferred revenue and deposits	**90,269**	70,129
Future income tax liability	**102,682**	102,682
	1,079,331	1,041,201
Long-term debt	**31,934**	53,206
	1,111,265	1,094,407
Shareholders' equity		
Share capital *(note 6)*	**5,235,677**	5,235,677
Contributed surplus *(note 7)*	**214,868**	140,350
Deficit	**(858,801)**	(623,876)
	4,591,744	4,752,151
	$ 5,703,009	$ 5,846,558

See accompanying notes to the interim financial statements.

QUESTOR TECHNOLOGY INC.
STATEMENTS OF INCOME, COMPREHENSIVE INCOME AND DEFICIT
(unaudited)

	Three months ended June 30		Six months ended June 30	
For the	**2008**	2007	**2008**	2007
Revenue				
Incinerator sales and services	**$ 16,727**	$ 27,275	**$ 294,364**	$ 459,118
Incinerator rentals and services	**108,970**	208,694	**353,384**	580,587
Combustion services	**71,658**	70,561	**158,110**	226,397
	197,355	306,530	**805,858**	1,266,102
Less: Direct costs	**224,633**	306,573	**729,982**	847,079
Gross margin	**(27,278)**	(43)	**75,876**	419,023
Other revenue *(notes 5 and 8)*	**189,809**	23,529	**207,399**	23,605
Expenses				
General and administrative	**320,642**	225,670	**626,936**	445,000
Foreign exchange loss (gain)	**31,619**	(21,256)	**(100,894)**	(28,170)
Depreciation and amortization	**10,237**	9,214	**19,933**	18,229
	362,498	213,628	**545,975**	435,059
Income (loss) before interest expense and income taxes	**(199,967)**	(190,142)	**(262,700)**	7,569
Interest expense				
Short-term debt	**4,176**	8,456	**4,497**	14,970
Long-term debt	**504**	-	**1,008**	-
Loss before income taxes	**(204,647)**	(198,598)	**(268,205)**	(7,401)
Income tax expense				
Current income tax	**37,711**	-	**37,711**	-
Future income tax	**(72,481)**	(57,320)	**(70,991)**	5,400
Net loss and comprehensive loss	**(169,877)**	(141,278)	**(234,925)**	(12,801)
Deficit, beginning of period	**(688,924)**	(2,472,782)	**(623,876)**	(2,601,259)
Deficit, end of period	**$ (858,801)**	$ (2,614,060)	**$ (858,801)**	$ (2,614,060)
Net loss per share *(note 6)*				
Basic	**$ (0.01)**	$ (0.01)	**$ (0.01)**	$ (0.00)
Diluted	**$ (0.01)**	$ (0.01)	**$ (0.01)**	$ (0.00)
Weighted average number of shares outstanding *(note 6)*				
Basic	**23,794,870**	23,757,370	**23,794,870**	23,708,061
Diluted	**23,794,870**	23,757,370	**23,794,870**	23,708,061

See accompanying notes to the interim financial statements.

QUESTOR TECHNOLOGY INC.
STATEMENTS OF CASH FLOWS
(unaudited)

For the	Three months ended June 30 **2008**	2007	Six months ended June 30 **2008**	2007
Operating activities				
Net loss	**$ (169,877)**	$ (141,278)	**$ (234,925)**	$ (12,801)
Items not involving cash:				
Depreciation and amortization	**38,377**	35,618	**76,961**	71,044
Future income taxes	**(72,481)**	(57,320)	**(70,991)**	5,400
Unrealized foreign exchange loss (gain)	**2,391**	(159,512)	**(5,790)**	(167,940)
Gain on disposition of assets *(note 5)*	**(99,268)**	-	**(99,268)**	-
Share-based compensation *(note 7)*	**37,531**	11,223	**74,518**	22,323
Funds used in operations	**(263,327)**	(311,269)	**(259,495)**	(81,974)
Net change in non-cash working capital *(note 11)*	**(516,327)**	(1,005,445)	**(249,372)**	487,006
Net cash provided by (used in) operating activities	**(779,654)**	(1,316,714)	**(508,867)**	405,032
Investing activities				
Decrease (additions) to property and equipment *(note 5)*	**129,700**	(3,798)	**109,298**	(3,632)
Decrease to development costs	**9,373**	-	**-**	-
Net cash provided by (used in) investing activities	**139,073**	(3,798)	**109,298**	(3,632)
Financing activities				
Increase in short-term debt	**296,710**	137,021	**219,559**	250,971
Decrease in long-term debt	**(15,067)**	(37,170)	**(32,251)**	(51,375)
Net proceeds from issuance of common shares *(note 6)*	**-**	-	**-**	20,500
Net cash provided by financing activities	**281,643**	99,851	**187,308**	220,096
Increase (decrease) in cash	**(358,938)**	(1,220,661)	**(212,261)**	621,496
Cash, beginning of period	2,908,855	1,879,771	**2,753,997**	29,186
Effective exchange rates on cash	**(2,391)**	159,512	**5,790**	167,940
Cash, end of period	**$ 2,547,526**	$ 818,622	**$ 2,547,526**	$ 818,622

See accompanying notes to the interim financial statements.

QUESTOR TECHNOLOGY INC.
SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS
(unaudited)

1. NATURE OF OPERATIONS

Questor Technology Inc. ("Questor" or the "Company") is an international environmental oil field service company focused on clean air technologies with activities in Canada, the United States, Europe and Asia. Questor designs and manufactures high efficiency waste gas incinerators for sale or for use on a rental basis and provides combustion services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared by management in Canadian dollars in accordance with Canadian generally accepted accounting principles ("GAAP").

The accounting policies applied are consistent with those outlined in the Company's annual financial statements for the year ended December 31, 2007, except as described below. These unaudited interim financial statements do not include all disclosures required in the annual financial statements and should be read in conjunction with the 2007 audited financial statements included in the Company's annual report.

Changes in Accounting Policies

Effective January 1, 2008 the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook accounting requirements for Section 1535 "Capital Disclosures", Section 3031 "Inventories", Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation". In accordance with the transitional provisions for these new standards, these policies were adopted prospectively and without restatement of prior periods.

Capital Disclosures
CICA Handbook Section 1535 "Capital Disclosures" requires the disclosure of qualitative and quantitative information about the Company's objectives, policies and processes for managing capital. This disclosure is provided in Note 9.

Inventories
CICA Handbook Section 3031 "Inventories" provides more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; requires impairment testing and expands the disclosure requirements to increase transparency. This change had no effect on the financial position of the Company.

Financial Instruments – Disclosures and Presentation
CICA Handbook Sections 3862 and 3863 prescribe the requirements for disclosure and presentation of financial instruments. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The relevant disclosures are provided in Note 10.

Future Accounting Changes

International Financial Reporting Standards (IFRS)

In May 2007, the CICA Accounting Standards Board ("AcSB") published an updated version of its "Implementation Plan for Incorporating International Financial Reporting Standards ("IFRS") into Canadian GAAP". The AcSB plan outlines the convergence of Canadian GAAP with IFRS over a transition period that will end with the adoption of IFRS. The AcSB announced on February 13, 2008 that the changeover date from Canadian GAAP to IFRS is for annual and interim financial statements relating to fiscal years beginning on or after January 1, 2011. Questor has not yet determined the impact the transition to IFRS will have to the Company's results of operations, financial position and disclosures.

Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". The purpose of this Section is to provide more specific guidance on the recognition of internally developed intangible assets and requires that research and development expenditures be evaluated against the same criteria as expenditures for intangible assets. The Section harmonizes Canadian standards with International Financial Reporting Standards and applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, these new Sections are effective for the Company beginning January 1, 2009. Questor has not yet determined the impact this new Section will have on the Company's results of operations and financial position.

3. CASH

Cash is held in foreign currencies of which the Canadian equivalent is as follows:

As at	**June 30 2008**	December 31 2007
United States dollars	**$ 2,539,496**	$ 2,737,718
Euros	**8,030**	16,279
	$ 2,547,526	$ 2,753,997

4. INVENTORY

As at	**June 30 2008**	December 31 2007
Materials and supplies	**$ 124,362**	$ 149,996
Work in progress	**65,859**	53,809
Finished goods	**322,474**	322,596
	$ 512,695	$ 526,401

5. DISPOSITION OF ASSETS

During second quarter 2008, the Company sold an incinerator from its rental fleet with a net book value of $37,980 for gross proceeds of $139,733, resulting in a net gain on sale of $99,268 after deducting customization costs of $2,485. The net gain on sale is included in Other Revenue.

The Company did not dispose of any incinerators from its rental fleet during 2007.

6. SHARE CAPITAL

Shares Issued and Outstanding

	Number		Amount
Shares issued and outstanding, December 31, 2007 and June 30, 2008	**23,794,870**	**$**	**5,235,677**

Share Option Plan

The Company has a share option plan under which directors, officers, key employees and consultants of Questor are eligible to receive grants at market prices. Options may be granted to purchase authorized but unissued common shares of the Company to a maximum of 4,708,474 shares. To June 30, 2008, options granted under the plan had a term of five years to expiry and vested no longer than over a four-year period.

The following tables summarize the information about the Company's share option plan as at June 30, 2008:

	Number of options		Exercise price[1]
Share options outstanding, beginning of period	2,137,500	$	0.30
Granted	75,000		0.43
Exercised	-		-
Expired	-		-
Forfeited	-		-
Share options outstanding, end of period	**2,212,500**	**$**	**0.30**
Share options exercisable, end of period	**825,000**	**$**	**0.11**

[1] *Weighted average.*

Options Outstanding				Options Exercisable		
Number Outstanding		Exercise price[1]	Remaining contractual life[2]	Number Exercisable		Exercise price[1]
1,137,500	$	0.10	1.70	750,000	$	0.10
300,000		0.18	3.25	75,000		0.18
75,000		0.43	4.79	-		-
700,000		0.67	4.16	-		-
2,212,500	**$**	**0.30**	**2.79**	**825,000**	**$**	**0.11**

[1] *Weighted average.*
[2] *Weighted average number of years.*

On July 28, 2008, 12,500 options to purchase common shares were exercised at $0.10 per share.

On August 12, 2008, 25,000 options to purchase common shares at $0.10 per share were forfeited. None of the options forfeited were exercisable at the time.

Weighted Average Number of Shares Outstanding

For the	Three months ended June 30 **2008**	2007	Six months ended June 30 **2008**	2007
Number of shares – Basic	**23,794,870**	23,757,370	**23,794,870**	23,708,061
Dilutive share options	**-**	-	**-**	-
Number of shares – Diluted	**23,794,870**	23,757,370	**23,794,870**	23,708,061

The share options outstanding for the three-month and six-month periods ended June 30, 2008 and June 30, 2007 are not included in the computation of diluted common shares outstanding as the Company realized a net loss during these periods and the effect would be anti-dilutive.

7. CONTRIBUTED SURPLUS

As at		**June 30 2008**		December 31 2007
Contributed surplus, beginning of period	**$**	**140,350**	$	81,712
Share-based compensation expense		**74,518**		81,291
Transferred to share capital from exercise of share options		**-**		(22,653)
Contributed surplus, end of period	**$**	**214,868**	$	140,350

8. GOVERNMENT ASSISTANCE

In second quarter 2008, the Company received government assistance of $77,508 as a consequence of Scientific Research and Experimental Development claims. This amount is included in Other Revenue and as a reduction of income taxes payable.

9. CAPITAL

The Company's objectives when managing capital are to:

- Deploy capital to provide an appropriate return on investment to its shareholders;
- Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and
- Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is designed and formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements other than the financial tests and covenants associated with its credit facilities.

The Company capital structure consists of shareholders' equity, short-term and long-term debt, cash and cash equivalents. In order to maintain or alter the capital structure, the Company may adjust capital spending, refinance existing debt, raise new debt and issue common shares. It is expected, however, that Questor's funds generated from operations, cash and cash equivalent amounts, deposits received from customers in respect of a sale and undrawn credit facilities will provide sufficient capital resources and liquidity to fund existing operations and certain capital opportunities in 2008.

A key measure the Company utilizes in evaluating its capital structure is the ratio of debt-to-total capitalization. Questor's debt-to-total capitalization ratio at June 30, 2008 was 9.7 percent (December 31, 2007 – 6.0 percent), where debt has not been reduced by cash and cash equivalent balances.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to market risk and potential loss from changes in the value of financial instruments.

Fair Value

The carrying value of the current financial assets and liabilities of Questor approximate their fair value due to their short period to maturity. The carrying value of short-term debt approximates the fair value as it bears interest at a floating interest rate. The carrying value of long-term debt also approximates fair value as the fair value of long-term debt is estimated using discounted cash flows based on current rates of interest.

The Company assesses quarterly if there should be any impairment of the financial assets of the Corporation. During the three-month and six-month periods ended June 30, 2008, there was no impairment required on any of the financial assets of the Company.

Credit Risk

Financial instruments that subject the Company to credit risk consist primarily of accounts receivable. Accounts receivable credit exposure is minimized by entering into transactions with creditworthy counterparties and by requiring letters of credit in respect of international sales.

Interest Rate Risk

The Company draws on its revolving demand operating loan facility to fund its operations with floating rate debt which exposes Questor to changes in interest payments due to fluctuations in interest rates.

The Company currently does not use interest rate hedges or fixed interest rate contracts to manage the Company's exposure to interest rate fluctuations.

Foreign Exchange Risk

The Company maintains cash and cash equivalent balances and enters into transactions denominated in foreign currencies, principally in United States dollars and Euros, which exposes Questor to fluctuating balances and cash flows due to variations in foreign exchange rates.

To date, Questor has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on cash deposits, funds generated from operations, deposits received from customers in respect of a sale and credit facilities to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to finance the development of new clean air technologies or acquisitions. Management believes equity and debt capital markets could be accessed to provide additional liquidity should a larger transaction require financing beyond existing resources.

At June 30, 2008, the Company has the following contractual maturities with respect to non-derivative financial liabilities:

	Maturity		**June 30, 2008**
Accounts payable and accrued liabilities	Within 1 year	**$**	**417,798**
Short-term debt	Within 1 year		**410,746**
Long-term debt	September 2010		**81,138**
		$	**909,682**

11. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in the following non-cash working capital items increased (decreased) cash flows related to operating activities as follows:

	Three months ended June 30				Six months ended June 30			
For the		**2008**		2007		**2008**		2007
Accounts receivable	**$**	**(144,160)**	$	(3,928,420)	**$**	**(96,418)**	$	(4,180,171)
Inventory		**(59,958)**		(1,950,127)		**13,707**		(2,689,161)
Prepaid expenses and deposits		**10,283**		20,932		**58,055**		58,478
Accounts payable and accrued liabilities		**(211,179)**		474,435		**(83,516)**		651,005
Income and other taxes payable		**(104,036)**		11,040		**(107,075)**		4,029
Deferred revenue and deposits		**54,269**		4,364,140		**20,140**		6,642,826
		(454,781)		(1,008,000)		**(195,107)**		487,006
Capital costs included in accounts payable and accrued liabilities		**(2,425)**		2,555		**4,856**		-
Investment tax credit included in income and other taxes payable		**(59,121)**		-		**(59,121)**		-
	$	**(516,327)**	$	(1,005,445)	**$**	**(249,372)**	$	487,006

The following cash payments have been included in the determination of net income:

	Three months ended June 30				Six months ended June 30			
For the		**2008**		2007		**2008**		2007
Interest paid	**$**	**3,793**	$	6,717	**$**	**4,633**	$	13,231
Income taxes paid	**$**	**138,422**	$	-	**$**	**138,422**	$	-

12. SEGMENTED INFORMATION

The Company reports its financial results of operations as one reportable segment.

The following tables provide information regarding total revenue and property and equipment on a geographic basis.

Total Revenue

	Three months ended June 30		Six months ended June 30	
For the	**2008**	2007	**2008**	2007
Canada	**$ 376,421**	$ 268,142	**$ 953,379**	$ 1,097,316
International				
United States	**8,486**	312	**57,621**	101,232
Italy	**-**	61,605	**-**	61,605
Other	**2,257**	-	**2,257**	29,554
	$ 387,164	$ 330,059	**$ 1,013,257**	$ 1,289,707

Property and Equipment

As at	**June 30 2008**	December 31 2007
Canada	**$ 927,635**	$ 996,053
International		
Italy	**294,694**	303,624
	$ 1,222,329	$ 1,299,677

The Company's intangible assets are all located in Canada.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current financial statement presentation.

14. SUBSEQUENT EVENTS

On August 26, 2008, Questor entered into a 60-month lease agreement for office and warehouse space in Grande Prairie, Alberta, Canada commencing October 1, 2008. The minimum lease payments will be $7,800 in 2008, $46,800 in each of 2009 through 2012, and $35,100 in 2013.