
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 periods ended March 31, 2008 and March 31, 2007.

QUESTOR TECHNOLOGY INC.
BALANCE SHEETS
(unaudited)

As at	March 31 2008	December 31 2007
ASSETS		
Current assets		
Cash <i>(note 3)</i>	\$ 2,908,855	\$ 2,753,997
Accounts receivable	1,014,974	1,062,716
Inventory <i>(note 4)</i>	452,737	526,401
Prepaid expenses and deposits	50,837	98,609
	4,427,403	4,441,723
Property and equipment	1,281,463	1,299,677
Intangibles	75,801	73,678
Future income tax asset	29,990	31,480
	\$ 5,814,657	\$ 5,846,558
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 628,977	\$ 501,314
Short-term debt	114,036	191,186
Current portion of long-term debt	51,248	60,183
Income and other taxes payable	112,668	115,707
Deferred revenue and deposits	36,000	70,129
Future income tax liability	102,682	102,682
	1,045,611	1,041,201
Long-term debt	44,957	53,206
	1,090,568	1,094,407
Shareholders' equity		
Share capital <i>(note 6)</i>	5,235,677	5,235,677
Contributed surplus <i>(note 7)</i>	177,336	140,350
Deficit	(688,924)	(623,876)
	4,724,089	4,752,151
	\$ 5,814,657	\$ 5,846,558

See accompanying notes to the interim financial statements.

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

For the three months ended March 31	2008	2007
Revenue		
Sales	\$ 277,637	\$ 431,843
Rentals	244,414	371,893
Service	86,452	155,836
	608,503	959,572
Less: Direct costs	505,349	540,506
Gross margin	103,154	419,066
Other revenue	17,590	76
Expenses		
General and administrative	306,294	219,330
Foreign exchange gain	(132,513)	(6,915)
Depreciation and amortization	9,696	9,015
	183,477	221,430
Income (loss) before interest expense and income taxes	(62,733)	197,712
Interest expense		
Short-term debt	321	6,514
Long-term debt	504	-
Income (loss) before income taxes	(63,558)	191,198
Income tax expense		
Current income tax	-	-
Future income tax	1,490	62,720
Net income (loss) and comprehensive income (loss)	(65,048)	128,478
Deficit, beginning of period	(623,876)	(2,601,259)
Deficit, end of period	\$ (688,924)	\$ (2,472,781)
Net income (loss) per share (note 6)		
Basic	\$ (0.00)	\$ 0.01
Diluted	\$ (0.00)	\$ 0.01
Weighted average number of shares outstanding (note 6)		
Basic	23,794,870	23,660,148
Diluted	23,794,870	24,972,886

See accompanying notes to the interim financial statements.

QUESTOR TECHNOLOGY INC.
STATEMENTS OF CASH FLOWS
(unaudited)

For the three months ended March 31	2008	2007
Operating activities		
Net income	\$ (65,048)	\$ 128,478
Items not involving cash:		
Depreciation and amortization	38,584	35,426
Future income taxes	1,490	62,720
Unrealized foreign exchange gain	(8,181)	(8,428)
Share-based compensation <i>(note 6)</i>	36,986	11,100
Funds generated from operations	3,831	229,296
Net change in non-cash working capital <i>(note 9)</i>	255,154	1,492,452
Net cash provided by operating activities	258,985	1,721,748
Investing activities		
Decrease (additions) to property and equipment	(9,177)	165
Additions to development costs	(8,796)	-
Net cash provided by (used in) investing activities	(17,973)	165
Financing activities		
Increase (decrease) in short-term debt	(77,151)	113,950
Decrease in long-term debt	(17,184)	(14,205)
Net proceeds from issuance of common shares <i>(note 6)</i>	-	20,500
Net cash used in financing activities	(94,335)	120,245
Change in cash	146,677	1,842,158
Cash, beginning of period	2,753,997	29,186
Effective exchange rates on cash	8,181	8,428
Cash, end of period	\$ 2,908,855	\$ 1,879,772

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 field burner 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 5.

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 presentation and disclosure 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 8.

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 to the Company’s results of operations and financial position.

3. CASH

Cash is held in foreign currencies of which the Canadian equivalent as at March 31, 2008 and December 31, 2007 is as follows:

As at	March 31 2008	December 31 2007
United States dollars	\$ 2,813,210	\$ 2,737,718
European euros	95,645	16,279
	\$ 2,908,855	\$ 2,753,997

4. INVENTORY

As at	March 31 2008	December 31 2007
Materials and supplies	\$ 176,443	\$ 149,996
Work in progress	97,023	53,809
Finished goods	179,271	322,596
	\$ 452,737	\$ 526,401

5. 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 and 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 March 31, 2008 was 4.3 percent (December 31, 2007 – 6.0 percent), where debt has not been reduced by cash and cash equivalent balances.

6. SHARE CAPITAL

Shares Issued and Outstanding

	Number	Amount
Shares issued and outstanding, December 31, 2007 and March 31, 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. To March 31, 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 March 31, 2008:

	Number of options	Exercise price ⁽¹⁾
Share options outstanding, beginning of period	2,137,500	\$ 0.30
Granted	-	-
Exercised	-	-
Expired	-	-
Forfeited	-	-
Share options outstanding, end of period	2,137,500	\$ 0.30
Share options exercisable, end of period	812,500	\$ 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	1.95	737,500	\$ 0.10	
300,000	0.18	3.50	75,000	0.18	
700,000	0.67	4.41	-	-	
2,137,500	\$ 0.30	2.97	812,500	\$ 0.11	

⁽¹⁾ *Weighted average.*

⁽²⁾ *Weighted average number of years.*

On April 14, 2008, the Company issued a grant of share options to an employee who is not an officer entitling the purchase of up to 75,000 common shares at \$0.43 per share, exercisable for a period of five years and vesting in accordance with the provisions of the Company's share option plan.

Weighted Average Number of Shares Outstanding

For the three months ended March 31	2008	2007
Number of shares – Basic	23,794,870	23,660,148
Dilutive share options	-	1,312,738
Number of shares – Diluted	23,794,870	24,972,886

The share options outstanding for the three-month period ended March 31, 2008 are not included in the computation of diluted common shares outstanding as the Company realized a net loss during this period and the effect would be anti-dilutive.

7. CONTRIBUTED SURPLUS

As at	March 31 2008	December 31 2007
Contributed surplus, beginning of period	\$ 140,350	\$ 81,712
Share-based compensation expense	36,986	81,291
Contributed surplus, end of period	\$ 177,336	\$ 140,350

8. 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 period ended March 31, 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 European 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 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 March 31, 2008, the Company has the following contractual maturities with respect to non-derivative financial liabilities:

	Total	2008	2009	2010
Accounts payable and accrued liabilities	\$ 628,977	\$ 628,977	\$ -	\$ -
Short-term debt	114,036	114,036	-	-
Long-term debt	96,205	42,999	37,974	15,232
Total	\$ 839,218	\$ 786,012	\$ 37,974	\$ 15,232

9. SUPPLEMENTAL CASH FLOW INFORMATION

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

For the three months ended March 31	2008	2007
Accounts receivable	\$ 47,742	\$ (253,627)
Inventory	73,665	(739,033)
Prepaid expenses and deposits	47,773	37,546
Accounts payable and accrued liabilities	127,663	176,570
Income and other taxes payable	(3,039)	(5,135)
Deferred revenue and deposits	(34,129)	2,278,686
	259,675	1,495,007
Capital costs included in accounts payable and accrued liabilities	(4,521)	(2,555)
	\$ 255,154	\$ 1,492,452

The following cash payment has been included in the determination of net income:

For the three months ended March 31	2008	2007
Interest paid	\$ 840	\$ 6,514

No cash taxes were paid in the three months ended March 31, 2008 or March 31, 2007.

10. 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

For the three months ended March 31	2008	2007
Canada	\$ 575,698	\$ 829,174
International		
United States	50,395	100,920
Other	-	29,554
	\$ 626,093	\$ 959,648

Total Plant and Equipment

As at	March 31 2008	December 31 2007
Canada	\$ 982,304	\$ 996,053
International – Italy	299,159	303,624
	\$ 1,281,463	\$ 1,299,677

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

11. COMPARATIVE FIGURES

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