



29 September 2015

Iofina plc
("Iofina" or the "Group")
(LSE AIM: IOF)

Interim Results

Record iodine production On track to become North America's second largest iodine producer in 2015

Iofina, specialists in the production of iodine with full vertical integration of produced iodine into specialty iodine derivatives, announces its Interim Results for the six months ended 30 June 2015 (the "Period"), a period which saw Iofina produce a record amount of crystalline iodine at its IOsorb® plants in the USA.

KEY FINANCIAL POINTS:

- Losses reduced to US\$467,481 (H1 2014: US\$1,303,081);
- Prudent cost control with cash balance at \$4,760,784 (H1 2014: \$6,270,754 cash and short term investments);
- EBITDA of US\$1,409,329 (H1 2014: US\$349,466);
- Revenue decreased to \$11,062,861 (H1 2014: \$13,020,185) as iodine prices fell year over year; and
- Basic loss per share \$0.004.

KEY OPERATIONAL POINTS:

- Record iodine production across the Group;
 - Highest level of crystalline iodine produced in the Group's history;
 - 110% increase (294.1MT in H1 2015 verses 139.9MT in H1 2014);
 - Record quarterly production in Q2 2015 of 166.2 MT;
- Built strategic iodine inventory, necessary for third party iodine sales;
- Consolidation of iodine production operations in Oklahoma, currently five IOsorb® plants in operation;
- Texas plant IO#1 shutdown;
- Record iodine consumption at Iofina Chemical;
- Expansion of halogen based products at Iofina Chemical; and
- On track to become North America's second largest iodine producer in 2015.

Commenting on today's results, Dr. Tom Becker, President and CEO stated:

“Iofina remains on track to become North America’s second largest iodine producer in 2015, having performed well in the period against a challenging iodine and macro-economic market. The Group continues its strategic plans to expand production. The Group has a backlog of commercially viable iodine production sites and have identified our next 2 sites in our core area for expansion.

Management’s decision, as part of its operational review, to shut down IO#1 and focus the Group’s resources in our core area has resulted in reduced plant costs, improved efficiencies, and record production. As a result, I am pleased that the Group achieved record EBITDA in the first half of 2015 and is on track to achieve management’s expectations for the full financial year.

The Group remains committed to working with its partners to achieve improved outputs at each of its IOsorb® plants and produce quality iodine and iodine derivatives to the global marketplace.”

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Overview

Iofina specializes in the exploration and production of iodine, iodine specialty chemical derivatives and produced water. Iofina's business strategy is to identify, develop, build, own and operate iodine extraction plants currently focused in North America based on Iofina's WET® IOsorb® technology. Iofina has production operations in the United States, specifically in Montana, Kentucky and Oklahoma. The Group has complete vertical integration from the production of iodine in the field to the manufacture of the chemical end-products derived from iodine to the consumer and the recycling of iodine using iodinated side-streams from chemical processes. Iofina utilizes its portfolio of patented and patent pending technology, proprietary methods and trademarks throughout all business lines.

Financial Review

For the period under review, the Group produced its highest level of crystalline iodine in its history (294.1MT in H1 2015 versus 139.9MT in H1 2014). Additionally, Iofina Chemical processed record levels of iodine into chemical derivatives which helped offset continued deterioration of iodine prices. Revenues were directly impacted by lower prices of iodine. However, the Group's focus on reducing production costs and improved efficiencies has resulted in a record EBITDA in the period. As the Group's production has increased, anticipated iodine inventory levels have also increased which has reduced the Group's cash position versus the year-end balance. This was an absolute necessity, and a strategic decision for the Group, in order to have sufficient inventory levels available for third party sales of iodine.

In the period, the Group shut down its proof of concept plant IO#1 and focused its iodine production in Iofina's core area in Oklahoma. The IO#1 plant accounted for less than 3% of the Group's total production in H1 2015. An impairment charge was recognized for this shutdown in the Group's 2014 accounts, as factors leading to closure were evident in 2014. There were onetime expenses recognised in this period as a result of this closure.

During the period, the Group recorded revenues of \$11,062,861 (30 June 2014: \$13,020,185), EBITDA of \$1,409,329 (30 June 2014: \$349,466), and a net loss of \$467,481 (30 June 2014: \$1,303,081). The basic loss per share was \$0.004 and no dividend is being declared.

The Group's opening cash and short term investment position for the period was \$6,966,733 and the closing position was \$4,760,784. The cash difference was primarily due to the decision to strategically increase iodine inventory levels necessary for third party sales.

There were no material events arising after the balance sheet date that need to be reflected in these interim financial statements.

Iofina Resources

The Group's Iodine and resource production business, Iofina Resources ("IR"), has focused on improving efficiencies and brine water supply at each of its IOsorb® plants. As part of the Group's ongoing operational review, the Group's proof-of-concept plant IO#1 was shut down in the period. The Group's resources for iodine production are now committed in our core area. The Group has focused on the retention of key employees and improved training and operating systems. Additionally, equipment upgrades were installed to allow for maximum brine intake. Efforts with our third party brine water suppliers have resulted in increased supply and better consistency of iodide rich brine. During the period, fracking operations declined in our core area and, as a result, less produced water was diverted for well

fracking compared with previous periods. This resulted in greater consistency of brine water supply to our plants.

Group-wide our IOsorb® plants produced 127.9 MT in Q1 and 166.2 MT in Q2 2015. The 294.1 MT of crystalline iodine in H1 2015 was a 110% increase versus H1 2014 (139.9 MT). In fact, each of the Group's five IOsorb® plants achieved record levels of crystalline iodine production in the period compared with any other half year reporting period.

Post period, our partners have performed some scheduled and unscheduled maintenance of their Salt Water Disposal ("SWD") well operations at all of our IOsorb® plants. This has resulted in larger than expected downtimes. Despite these interruptions, the Group is still on track to meet its production target of 260-300MT of crystalline iodine in H2 2015. The SWD maintenance performed in Q3 should result in more consistent brine supply for the rest of 2015 as we move into the more difficult winter months.

IR's geological and leasing teams continue their leasing and unitization activities. We also continue to expand our proprietary geological iodine surveying and have identified numerous sites for iodine production expansion.

Iofina Chemical

The Group's halogen-based speciality chemical business, Iofina Chemical ("IC") continues to be a global leader in halogen based chemical derivatives, particularly iodine derivatives. With the full integration of IR produced iodine, stability of iodine supply has been achieved. IC consumed record levels of iodine in H1 2015 which was sold into global markets as high quality iodine derivatives. Product capacity expansion efforts were realised in the period at IC. Capacity expansion of key products in the same general footprint has allowed IC to produce larger amounts of key derivatives at a lower overall cost. IC continues to work with iodine consumers to develop new iodine-based products and increase consumption of existing iodine derivatives. Non-iodine halogen derivative sales at IC are strong and have continued to grow.

IC is also currently marketing IR produced iodine to the global market and in 2015 has sold multi-ton and full container load quantities of IR produced iodine.

Iodine Outlook

Worldwide demand for iodine and iodine derivatives has continued to grow in 2015. However, there continues to be an oversupply of iodine in the market and, as a result, iodine prices have continued to decline throughout the year. Average prices for large volumes of iodine in H2 2015 are now below \$29/kg and have continued to decrease although at a lower rate than the previous period. Whilst we continue to see growth in iodine consumption of greater than 3% year over year, buoyed by increased consumption in health care industries especially in developing markets, LCD screens, and new applications, pricing continues to be under pressure in the near term.

Barring a significant change in the segment, we anticipate iodine pricing to be below \$30/kg throughout 2015 and into 2016. This is well below the historic trends of iodine prices. Iofina expected the supply/demand ratio for iodine to normalize by mid-year 2015 but this has not yet fully occurred, although there are market indications that this supply/demand equilibrium is showing signs of stabilisation. At current price levels, we believe that some producer's iodine production costs are at or near these sales levels. Other influences which may affect global iodine sale prices and costs include ongoing litigation at major Chilean iodine producers as well as the weaker Chilean peso which was approximately 607CLP per 1USD at the end of 2014 to over 680CLP per 1USD in mid-September 2015.

Water Depot Project

The Group's previously granted Water Permit in the state of Montana for the development of a fresh water depot, was overturned in June of 2015. Iofina filed for a Judicial Review in District Court of the file. Iofina has maintained its leases and right of ways during this appeal process and is positioned to reopen this project if successful. We expect this review to continue through early 2016. The likelihood of a successful appeal is uncertain for this non-core project.

Outlook

The Group is focused on continued improvements in all aspects of the organization with the safety of our employees, plants and community as our number one priority. The Group continues to challenge and invest in its employees and cultivate a culture of operational excellence. As a result we continue to see operational improvements and increased efficiencies. The Group is on track to achieve its production guidance for H2 2015.

In the period, most global commodity prices, including iodine, generally fell. Iodine pricing has fallen to levels below historic trends. Whilst it is not certain, the Board expects the price of iodine to stabilise in the next 12 months as global iodine supply and demand equilibrate.

According to the Group's estimates, Iofina is on track to be the second largest iodine producer in the USA in 2015. The Group continues our strategic plans to expand our production. The Group has a backlog of commercially viable iodine production sites and have identified our next 2 sites in our core area for expansion. We are actively acquiring the mineral and land rights for these sites for future growth. These sites will have a production matrix similar to the Group's IO#2 plant. The proper selections of expansion sites are essential for Iofina to be a lower-quartile-cost iodine producer.

IOFINA PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2015

		Unaudited		Audited
		Six months ended 30 June		Year ended
		2015	2014	31 December
	Note	\$	\$	2014
				\$
Continuing operations				
Revenue		11,062,861	13,020,185	25,848,927
Cost of sales		(8,165,518)	(8,946,095)	(23,207,595)
Gross profit	3	2,897,343	4,074,090	2,641,332
Administrative expenses		(2,590,799)	(4,618,035)	(5,375,630)
Impairment expense		-	-	(2,522,696)
Finance expense		(775,186)	(656,294)	(1,450,882)
Finance income		1,161	2,791	2,385
Loss before taxation		(467,481)	(1,197,448)	(6,705,491)
Taxation		-	(105,633)	56,359
Loss for the period attributable to owners of the parent		(467,481)	(1,303,081)	(6,649,132)
Other comprehensive income				
Foreign currency differences on translating foreign operations		(9,415)	1,879,090	32,368
Other comprehensive income for the period, net of income tax		(9,415)	1,879,090	32,368
Total comprehensive income for the period		(476,896)	576,009	(6,616,764)
Basic and diluted loss per share \$	5	(0.004)	(0.010)	(0.052)

**IOFINA PLC
CONSOLIDATED BALANCE SHEET
30 JUNE 2015**

		Unaudited 30 June	Audited 31 December
	Note	2015 \$	2014 \$
Assets			
Intangible assets		5,143,957	5,944,238
Goodwill		3,087,251	3,087,251
Plant, property and equipment		23,497,271	24,050,560
Total non-current assets		31,728,479	32,147,060
Inventories		6,659,547	3,552,232
Investments		-	-
Trade and other receivables		4,102,232	3,918,010
Cash and cash equivalents		4,760,784	6,966,733
Total current assets		15,522,563	14,436,975
Total assets		47,251,042	46,584,035
Equity and liabilities			
Current liabilities			
Trade and other payables		4,059,549	3,290,734
Deferred consideration		120,000	120,000
		4,179,549	3,410,734
Non-current liabilities			
Deferred tax liability		664,954	664,954
Deferred consideration		240,000	240,000
Convertible note		19,155,839	18,780,750
Total liabilities		24,240,342	23,096,438
Equity attributable to owners of the parent			
Issued share capital	6	2,292,683	2,292,683
Share premium		48,991,647	48,991,647
Share-based payment reserve		1,634,390	1,634,390
Equity reserve		1,885,289	1,885,289
Retained earnings		(25,869,714)	(25,402,233)
Foreign currency reserve		(5,923,595)	(5,914,179)
Total equity		23,010,700	23,487,597
Total equity and liabilities		47,251,042	46,584,035

IOFINA PLC

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share Premium	Share- based payment reserve	Equity Reserve	Retained earnings	Foreign currency reserve	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 31 December 2013 (Audited)	2,288,106	48,919,023	1,728,798	569,771	(18,753,101)	(5,946,546)	28,806,051
Transactions with owners							
Share issue	4,577	72,624	-	-	-	-	77,201
Equity component of note	-	-	-	1,315,518	-	-	1,315,518
Share based payment	-	-	(94,408)	-	-	-	(94,408)
Total transactions with owners	4,577	72,624	(94,408)	1,315,518	-	-	1,298,311
Loss for the year attributable to owners of the parent	-	-	-	-	(6,649,132)	-	(6,649,132)
Other comprehensive income							
Exchange differences on translating foreign operations	-	-	-	-	-	32,367	32,367
Total other comprehensive income	-	-	-	-	-	32,367	32,367
Balance at 31 December 2014 (Audited)	2,292,683	48,991,647	1,634,390	1,885,289	(25,402,233)	(5,914,179)	23,487,597
Transactions with owners							
New share capital subscribed	-	-	-	-	-	-	-
Share Issue Cost	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
Loss for the period attributable to owners of the parent	-	-	-	-	(467,481)	-	(467,481)
Other comprehensive income							
Exchange differences on translating foreign operations	-	-	-	-	-	(9,416)	(9,416)
Total other comprehensive income	-	-	-	-	(467,481)	(9,416)	(476,896)
Balance at 30 June 2015 (Unaudited)	2,292,683	48,991,647	1,634,390	1,885,289	(25,869,714)	(5,923,595)	23,010,700

IOFINA PLC
CONSOLIDATED CASH FLOW STATEMENT FOR
THE PERIOD ENDED 30 JUNE 2015

	Unaudited		Audited
	Six months ended 30 June		31 December
	2015	2014	2014
	\$	\$	\$
Cash flows from operating activities			
Loss/Profit before taxation	(467,481)	(1,197,447)	(6,705,491)
Adjustments for:			
Depreciation	968,598	759,223	1,732,751
Amortisation	134,187	134,188	268,375
Impairment	-	-	2,522,696
Share based (credit)/expense	-	-	(94,408)
Finance income and other income	(1,161)	(2,791)	(2,385)
Unwinding of discount on convertible note	222,406	177,169	550,434
	<u>856,549</u>	<u>(129,659)</u>	<u>(1,728,028)</u>
(Increase) in trade & other receivables	(184,221)	(1,196,187)	(1,287,959)
(Increase)/Decrease in inventories	(3,107,315)	969,592	3,349,995
Increase/(Decrease) in other trade & other payables	921,497	(225,340)	(530,297)
Net cash outflow from operating activities	<u>(1,513,490)</u>	<u>(581,593)</u>	<u>(196,289)</u>
Cash flows from investing activities			
Interest, Net	1,161	2,791	2,385
Acquisition of intangible assets	(268,896)	(105,230)	(254,644)
Acquisition of property, plant and equip.	(415,308)	(5,323,403)	(5,963,042)
Investment sales and maturities	-	-	6,198,821
Net cash outflow from investing activities	<u>(683,043)</u>	<u>(5,425,842)</u>	<u>(16,480)</u>
Cash flows from financing activities			
Proceeds from issuance of convertible note	-	5,000,000	5,000,000
Issue of ordinary share capital	-	-	77,201
Net cash inflow from financing activities	<u>-</u>	<u>5,000,000</u>	<u>5,077,201</u>
Net increase/(decrease) in cash and cash equivalents	(2,196,533)	(1,007,435)	4,864,432
Effects of foreign exchange	(9,416)	360,184	32,367
	<u>(2,205,949)</u>	<u>(647,251)</u>	<u>4,896,799</u>
Cash and equivalents at beginning of period	<u>6,966,733</u>	<u>2,069,934</u>	<u>2,069,934</u>
Cash and cash equivalents at end of period	<u>4,760,784</u>	<u>1,422,683</u>	<u>6,966,733</u>

1. Nature of operations and general information

Iofina plc (“Iofina” or the “Company”) is the holding company of a group of companies (the “Group”) involved in the exploration and production of iodine as well as the manufacturing of specialty chemicals primarily derived from iodine. Iodine is a rare element that is only produced in a few countries in the world with approximately 56 per cent produced by Chile and 19 per cent produced by Japan. Through the Group’s wholly owned subsidiary Iofina Chemical, Inc., the Group is vertically integrated into the iodine derivatives market. Ensuing vertical integration through both production and derivatives results in better margins for the Group while controlling the products end use.

Iofina plc was incorporated on 15 March 2005 in England and Wales and changed its name from Commodore Resources plc to Iofina plc on 8 February 2006, to Iofina Natural Gas plc on 24 February 2006, and back to Iofina plc on 12 November 2007.

The address of Iofina plc's registered office is 70 Chancery Lane, London WC2A 1AF.

Iofina plc's shares are listed on the London Stock Exchange's AIM market.

Iofina's consolidated financial statements are presented in US Dollars, which is the functional currency of the operating subsidiaries.

This condensed consolidated interim financial information has not been audited.

2. Accounting policies

The condensed consolidated financial information for the six months ended 30 June 2015 has been prepared in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union. The condensed consolidated financial statements for the six months ended 30 June 2015 should be read in conjunction with the annual financial statements for the year ended 31 December 2014 which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Group's principal accounting policies used in preparing this information are as stated in the financial statements for the year ended 31 December 2014, which are available on our website www.iofina.com.

3. Gross profit for the period ended 30 June 2014

Subsequent to the publication of the results for the six months ended 30 June 2014, the Group revised the method of allocation of costs between cost of sales and administrative expenses. The purpose of this change was to reflect more accurately the relationship between costs and revenue, and to achieve consistency of treatment across the Group. The revised method of allocation was applied to all costs and expenses reported in the audited financial statements for the year ended 31 December 2014. Management has calculated that if this method had been applied to the costs and expenses reported for the six months ended 30 June 2014, the cost of sales would have been increased and gross profit and administrative expenses would have been reduced as set out below. These adjustments would have had no effect on the reported loss for the period.

	Six months ended 30 June 2014		
	As reported	Adjustments	Revised
	\$	\$	\$
Continuing operations			
Revenue	13,020,185	-	13,020,185
Cost of sales	(8,946,095)	(1,898,904)	(10,844,099)
Gross profit	4,074,090	(1,898,904)	2,175,186
Administrative expenses	(4,618,035)	1,898,904	(2,719,131)

4. Segment reporting

(a) Business segments

The Group reports its business segments in line with IFRS8, which requires reporting based on the information that is presented to the Chief Operating decision makers. This is determined to be the Board of Directors. The Board receives management accounts for each Company within the Group and as such the reporting is carried out on this basis. The plc segment represents the activities of Iofina plc and is essentially unallocated corporate expenses.

	Unaudited		Audited
	Six months ended 30 June		31 December
	2015	2014	2014
	\$	\$	\$
Total assets			
Iodine and Iodine Derivatives	42,598,499	44,664,881	41,810,141
Montana	4,503,605	6,558,213	4,711,085
Unallocated Corporate (plc)	148,938	72,415	62,809
Total	47,251,042	51,295,509	46,584,035
Total liabilities			
Iodine and Iodine Derivatives	5,015,270	3,202,532	4,298,271
Montana	-	-	-
Unallocated Corporate (plc)	19,225,072	18,710,917	18,798,167
Total	24,240,342	21,913,449	23,096,438
Total capital expenditure			
Iodine and Iodine Derivatives	509,392	5,428,633	5,963,042
Montana	174,812	-	254,664
Total	684,204	5,428,633	6,217,706

(b) Geographical segments

The Group also reports by geographical segment. All the Group's activities are related to exploration for, and development of, iodine in certain areas of the USA and the manufacturing of specialty chemicals in the USA with support provided by the UK office. In presenting information on the basis of geographical segments, segment assets and the cost of acquiring them are based on the geographical location of the assets.

	Unaudited		Audited
	Six months ended 30 June		31 December
	2015	2014	2014
	\$	\$	\$
Total assets			
UK	148,938	72,415	62,809
USA	47,102,104	51,223,094	46,521,226
Total	47,251,042	51,295,509	46,584,035
Total liabilities			
UK	19,225,072	18,710,917	18,798,167
USA	5,015,270	3,202,532	4,298,271
Total	24,240,342	21,913,449	23,096,438
Capital expenditures			
UK	-	-	-
USA	684,204	5,428,633	6,217,706
Total	684,204	5,428,633	6,217,706

	Iodine and Iodine Derivatives	Montana	Unallocated Corporate Expenses	Total
	\$	\$	\$	\$
Six months ended 30 June, 2014 (Unaudited)				
Revenue	13,020,185	-	-	13,020,185
Gross (loss)/profit	4,074,090	-	-	4,074,090
Segment result	712,549	(375,768)	(1,639,862)	(1,303,081)
Year ended 31 December, 2014 (Audited)				
Revenue	25,848,927	-	-	25,848,927
Impairment	(1,216,427)	(1,306,269)	-	(2,522,696)
Gross (loss)/profit	2,641,332	-	-	2,641,332
Segment result	(1,539,329)	(1,701,550)	(3,408,253)	(6,649,132)
Six months ended 30 June, 2015 (Unaudited)				
Revenue	11,062,861	-	-	11,062,861
Gross (loss)/profit	2,897,343	-	-	2,897,343
Segment result	1,648,457	(408,686)	(1,707,252)	(467,481)

The segment result for the six months ended 30 June, 2014 has been restated, so as to reflect the allocation of expenses used in the audited financial statements for the year ended 31 December, 2014 and the unaudited financial statements for the six months ended 30 June, 2015.

5. Loss per share

The calculation of loss per ordinary share is based on losses of \$467,481 (2014: \$1,303,081) and the weighted average number of ordinary shares outstanding of 127,569,398 (2014: 127,284,398). The warrants are not dilutive and there is, therefore, no difference between the diluted loss per share and the basic loss per share.

6. Share capital

		Unaudited 30 June 2015	Unaudited 30 June 2014	Audited 31 December 2014
Authorised:				
Ordinary shares of £0.01 each	- number of shares	1,000,000,000	1,000,000,000	1,000,000,000
	- nominal value	£10,000,000	£10,000,000	£10,000,000
Allotted, called up and fully paid:				
Ordinary shares of £0.01 each	- number of shares	127,569,398	127,284,398	127,569,398
	- nominal value	£1,275,694	£1,272,844	£1,275,694

7. Income tax

No income tax expense was recognised for the period due to the loss during the period of the Group as well as the carried forward losses of the Group. A deferred tax asset has not been recognised due to uncertainty over the timing of the recovery of these tax losses.

8. Post balance sheet events

There were no material events arising after the balance sheet date that need to be reflected in these interim financial statements.