



17 September 2012

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

Interim Results
On track to become a major iodine producer

Iofina, a specialist in the exploration and production of iodine and specialty chemical iodine derivatives, is pleased to announce Interim Results for the six months ended 30 June 2012 and the construction and commissioning of the IO#1 iodine extraction plant ("IO#1") based on the Group's WET® IOsorb™ technology.

KEY FINANCIAL POINTS:

- Group meets associated construction and commissioning costs attributed to bringing the IO#1 online;
- Like-for-like losses of £667,172 (H12011: net loss of £427,300);
- Revenue of £4,862,744 (H1 2011: £5,944,437);
- Basic loss per share 0.53p;
- Cash balance at 30 June 2012 of £6,613,891(30 June 2011: £5,539,360)
- Successful Placing raising £4.3m in May 2012; and
- Revenues expected to increase substantially as production from the IO#1 iodine ramps up.

KEY OPERATIONAL POINTS:

- Completion of construction and commissioning of the IO#1 iodine extraction plant based on the groups WET® IOsorb™ technology;
- Purchase of an Oklahoma-based iodine extraction facility and associated assets;
- IO#2 iodine extraction plant ("IO#2") under full construction with expected commissioning in Q4 2012;
- Iodine prices continue to firm; and
- Iofina Chemical on track for record sales for a second consecutive year.

Commenting on the Interim Results, Lance Baller, CEO and President, stated:

"With the proven success of IO#1, the Group has completed its key deliverable and needs to evolve with the same successful product quarter over quarter based on our IOsorb™ technology. We are excited for

our future and the opportunity afforded by the success of our technologies. One of Iofina's strength remains its employees and in order to successfully grow we plan to attract other members to the Iofina team over the next six months to maximise the opportunity ahead of us.

The Board believes Iofina has the opportunity to be one the largest iodine and iodine derivatives producers in the world. Iofina's focus remains on realising maximum value for our shareholders through our core and non-core assets. We are excited about our second half of the year and look forward to the commissioning of IO#2 and healthy sales of iodine derivatives."

For further information, please contact:

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Overview

Iofina specialises in the exploration and production of iodine, iodine specialty chemical derivatives, produced water and natural gas. 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 iodine production operations in the United States, specifically in Texas, California, Montana, Oklahoma and Wyoming. 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 waste chemical processes in Europe, North America and Asia. The Group utilises its portfolio of patented and patent pending technology, proprietary methods and trademarks throughout all business lines.

Financial Review

The Group is well positioned to benefit from the construction and commissioning of the IO#1 iodine extraction plant and the associated expected increase in revenues. While August saw a record month for revenue and profit, the associated construction and commissioning costs attributed to the construction and commissioning of IO#1 resulted in a like-for-like dip in overall performance of revenues and profit in H1. The Board anticipates a strong performance in H2 2012 with sales expected to be robust throughout the rest of the year end. A strong start to H2 2012 has taken place with a good July and a record August. The driving factors for an improved financial performance include maiden production profit from IO#1, firm iodine prices, enhanced profit margins on new products, increased demand on our core iodine derivative products and a healthy pipeline of additional plants at varying stages of development, including the IO#2 plant which has been shipped to location for construction.

During the period under review, the Group reported revenues of £4,862,744 (30 June 2011: £5,944,437) and a net loss of £667,172 (30 June 2011: net loss of £427,300). The basic loss per share was 0.53p and no dividend is being declared.

The Group ended the period with £3,758,302 in intangible assets excluding goodwill (30 June 2011: £3,988,779), £5,332,829 (30 June 2011: £4,155,346) of net property, plant and equipment and cash and cash equivalents of £6,613,892 (30 June 2011: £5,539,360).

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

Iodine Outlook

Iodine prices stabilized in 2012, remaining firm between \$65-\$70/kg for large contract users, and entering Q4 2012, prices are increasing slightly. Iodine prices will have had its longest period of price stability since 2003. During this last recessionary period of 2009, iodine prices increased while demand slowed. Iofina believes iodine prices will remain steady throughout the rest of 2012.

Iofina is currently seeing iodine demand outstripping supply and the Board anticipates that the global iodine markets will continue to remain robust through 2013. Even with the anticipated reduction in demand for iodine from older applications, such as disinfectants, due to higher iodine prices, iodine consumption is still expected to increase driven by demand from newer applications. The three main sources of increased demand are LCD screens, semiconductor manufacturing and X-ray contrast media. In addition, some new uses in proprietary applications have further increased demand. Japanese iodine producers have been producing at full capacity since late in the second quarter of 2011 and are unable to bring on any new supply as capacity has been reached. Iofina and Chilean producers are currently able to take advantage of these supply constraints being experienced by the Japanese producers of finite annual capacity and slowly declining volume. Water, energy and labor issues continue to be the main challenges being faced by the Chilean producers.

Mid-stream third party iodine collection

The Board is pleased with the proven success of IO#1. IO#1 is the only large production facility that the Company is aware of, which uses more environmentally friendly chemicals which affords lower operational costs than other known methods. Iofina's methods, compared to previous known methods, unlock value in the Group's third party brine business from an oil and gas operator perspective.

IO#1 was successfully commissioned in August 2012. The operation of the plant over the last couple of weeks has proceeded as planned with no unanticipated issues. The production of the first metric tonne of iodine yielded important information to assist in optimising the daily production. The operation is now running continuously. All aspects of IO#1 are functioning as expected and iodine production is now being optimised by working with the operator of the site to insure maximum deliveries of iodine rich brine on a consistent basis. This entails coordination between the operator and Iofina in establishing tank level settings, as well as coordination with the trucking companies' dispatchers to ensure consistent flow of the highest quality iodine rich brine. The Board will update the market accordingly with production guidance in due course once all parameters are optimised.

While the large scale IOsorb™ technology is now proven on IO#1, we continue to progress the commissioning and the construction of IO#2, which the Board expects to attain higher production levels than IO#1. Construction is underway and the IO#2 IOsorb™ equipment was on location as anticipated

prior to the end of August. The past several weeks have seen the organised mobilisation of construction equipment and personnel from the IO#1 site to the IO#2 site. All the major components for the plant are being positioned at the site. Permitting and right-of-way (ROW) documentation are either completed or have been submitted for approvals. Currently the tank farm is complete, tower foundations are complete and steel erection is underway. Commissioning of IO#2 is expected to be in Q4 2012, and the Board is actively recruiting for additional plant technicians in anticipation of the start-up.

Looking ahead at the IO#3 iodine extraction plant, the Board has selected the locations and has negotiated an agreement with the operator that covers two sites in Iofina's Southwest Region for rollout in 2013. These sites are within 30 kilometres of IO#1. This affords certain synergies in the operations within the Southwest Region.

The Board continues to test numerous locations, mostly in the Group's Southwest region, and we are receiving increased interest from operators in the areas we are currently operating in. We continue to have great success with oil and gas producers and salt water disposal (SWD) site operators on new contracts. Due to our backlog of sites, catalogue of extraction agreements and competitive reasons, it is no longer a material event for the Group going forward to announce iodine extraction contracts unless of excessive size. Iofina anticipates to have continued success on executing extraction agreements with additional operators we currently do not have a relationship with in our five target areas. In most of the target areas we have strong relationships or existing extraction agreements with most of the top three major independent oil and gas producers in North America by revenues, drilling activity and acreage positions in that target location. We are continuing our strategy of focusing on our two main target areas which contain the IO#1 and IO#2 in the Southwest Region for the remainder of 2012.

Iofina Chemical

Iofina Chemical ("IC") continues to expand its product line, customer base and worldwide footprint of iodine derived products. H1 2012 sales were forecasted to be lower due to an extraordinary circa £1.9 million sale last year per our long term contract. The contract states fixed volumes and sales figures for certain years and no sales in 2012, slight sales in 2013 and £2 million plus in 2014. Historically the second half of the calendar year produces lower sales than the first half at our chemical business. This year we are anticipating record sales in H2 and record full year sales for the third consecutive year. For the month of August, IC had record sales of £1.74 million which leads the way for record yearly sales. IC is seeing strong demand on all product lines due to our technical abilities and competitive advantages. Our focus remains to increase product sales and the development and marketing of new products. IC is excited by domestic increase iodine supply volume from IO#1 and IO#2. The recycling of iodine using iodinated side-streams from waste chemical processes in Europe, North America and Asia remain a strong focus.

Water Project – Non-core

Following extensive negotiations with potential partners and the targeted JV partner on the fresh water project in Montana and North Dakota, and having agreed all legal documents, Iofina has decided to progress this project without a partner. This is due to the delay caused by the JV partner in finalising the sites for multiple out take water depot and waste water disposal sites in North Dakota and Montana and the uncertainty of both the internal timelines and strategy that the JV partner was going to adopt. Whilst we would have had a short term windfall by concluding the JV relationship, the long term effect by doing the transaction would not maximise shareholder value. Additionally, due to the increased activity and profitability associated with current iodine operations we have shifted more resources to

this effort. Our current strategy is to develop this water resource internally so as to better optimise share value before entertaining a conclusion of a JV relationship.

Atlantis Deep Rights – Non-Core

Our acreage holdings in north central Montana continue to garner interest in the deeper Three Forks and Bakken formations. We actively entertain inquiries and solicit written offers. To date there has been no firm offer that is in the best interest of our shareholders. We continue to maintain our acreage position and monitor activity in the area until an acceptable offer is obtained.

Outlook

With the proven success of IO#1, the Group has completed its key deliverable and needs to evolve with the same successful product quarter over quarter based on our IOsorb™ technology. We are excited for our future and the opportunity afforded by the success of our technologies. One of Iofina's strength remains its employees and in order to successfully grow we plan to attract other members to the Iofina team over the next six months to maximise the opportunity ahead of us.

The Board believes Iofina has the opportunity to be one the largest iodine and iodine derivatives producers in the world. Iofina's focus remains on realising maximum value for our shareholders through our core and non-core assets. We are excited about our second half of the year and look forward to the commissioning of IO#2 and healthy sales of iodine derivatives.

IOFINA PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2012

	Note	Unaudited Six months ended 30 June	Audited Year ended
		2012	31 December
		£	2011
		£	£
Continuing operations			
Revenue		4,862,744	5,944,437
Cost of sales		<u>(3,881,610)</u>	<u>(4,810,033)</u>
Gross profit		981,135	1,487,803
Administrative expenses		(1,738,849)	(3,254,656)
Finance income		90,807	22,4643
Loss before taxation		<u>(666,907)</u>	<u>(1,744,390)</u>
Taxation		(265)	96,442
Loss for the year attributable to owners of the parent		<u>(667,172)</u>	<u>(1,647,948)</u>
Other comprehensive income			
Foreign currency differences on translating foreign operations		(32,166)	(342,592)
Other comprehensive income for the period, net of income tax		<u>(32,166)</u>	<u>(342,592)</u>
Total comprehensive income for the period		(699,338)	(1,676,574)
Basic and diluted loss per share (pence)	4	<u>(0.53)</u>	<u>(1.47)</u>

IOFINA PLC
CONSOLIDATED BALANCE SHEET
30 JUNE 2012

		Unaudited		Audited
		30 June		31 December
	Note	2012	2011	2011
		£	£	£
Assets				
Intangible assets		3,758,302	3,988,779	3,821,179
Goodwill		2,110,644	2,082,493	2,091,887
Plant, property and equipment		5,332,829	4,155,346	5,113,393
Other non-current assets		-	51,140	52,821
Total non-current assets		<u>11,201,775</u>	<u>10,277,759</u>	<u>11,079,280</u>
Trade and other receivables		2,112,915	2,902,294	1,329,538
Inventories		2,112,973	1,147,774	1,392,681
Cash and cash equivalents		6,613,892	5,539,360	4,301,344
Total current assets		<u>10,839,780</u>	<u>9,589,429</u>	<u>7,023,563</u>
Total assets		<u>22,041,555</u>	<u>19,867,187</u>	<u>18,102,843</u>
Equity and liabilities				
Current liabilities				
Trade and other payables		1,340,568	1,719,196	966,014
Non-current liabilities				
Deferred tax liability		538,020	642,500	538,020
Total liabilities		<u>1,878,588</u>	<u>2,361,696</u>	<u>1,504,034</u>
Equity attributable to owners of the parent				
Issued share capital	5	1,272,844	1,157,131	1,157,131
Share premium		27,381,118	23,233,335	23,233,335
Share-based payment reserve		732,659	732,659	732,659
Retained earnings		(9,560,617)	(7,672,797)	(8,893,445)
Foreign currency reserve		336,963	55,163	369,129
Total equity		<u>20,162,967</u>	<u>17,505,491</u>	<u>16,598,809</u>
Total equity and liabilities		<u>22,041,555</u>	<u>19,867,187</u>	<u>18,102,843</u>

IOFINA PLC

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share Premium	Share- based payment reserve	Retained loss	Foreign currency reserve	Total equity
	£	£	£	£	£	£
Balance at 31 December 2010 (Audited)	1,051,938	20,584,760	732,659	(7,245,497)	397,755	15,521,615
Transactions with owners						
New share capital subscribed	105,193	2,735,037	-	-	-	2,840,230
Share Issue Cost	-	(86,462)	-	-	-	(86,462)
Total transactions with owners	105,193	2,648,575	-	-	-	2,753,768
Loss for the year attributable to owners of the parent	-	-	-	(1,647,948)	-	(1,647,948)
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	-	-	(28,626)	(28,626)
Total other comprehensive income	-	-	-	-	(28,626)	(28,626)
Balance at 31 December 2011 (Audited)	1,157,131	23,233,335	732,659	(8,893,445)	369,129	16,598,809
Transactions with owners						
New share capital subscribed	115,713	4,223,287				4,339,000
Share Issue Cost		(75,504)				(75,504)
Total transactions with owners	115,713	4,147,783				4,263,496
Loss for the year attributable to owners of the parent				(667,172)		(667,172)
Other comprehensive income						
Exchange differences on translating foreign operations					(32,166)	(32,166)
Total other comprehensive income					(32,166)	(32,166)
Balance at 30 June 2012 (Unaudited)	1,272,844	27,381,118	732,659	(9,560,617)	336,963	20,162,967

IOFINA PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2012

	Unaudited		Audited
	Six months ended 30 June		31 December
	2012	2011	2011
	£	£	£
Cash flows from operating activities			
Loss before taxation	(666,907)	(423,278)	(1,744,390)
Adjustments for:			
Depreciation and amortization	447,913	450,290	1,008,640
Finance income and other income	(90,807)	(2,547)	(22,463)
Share based payment	-	-	-
Effects of foreign exchange rate changes	(18,692)	(342,591)	(56,934)
	<u>(328,493)</u>	<u>(318,126)</u>	<u>(815,147)</u>
Increase in trade & other receivables	(950,137)	(1,699,574)	(128,278)
Decrease in inventories	(735,416)	193,672	(51,235)
Increase/(Decrease) in other payables	402,446	944,970	179,553
Taxes paid	(265)	(4,022)	(8,038)
Cash used in operations	<u>(1,611,866)</u>	<u>(883,080)</u>	<u>(823,145)</u>
Interest paid	-	-	-
Net cash outflow from operating activities	<u>(1,611,866)</u>	<u>(883,080)</u>	<u>(823,145)</u>
Cash flows from investing activities			
Interest received	-	2,547	1,136
Acquisition of intangible assets	-	-	-
Acquisition of property, plant and equip.	(299,216)	(41,199)	(1,370,032)
Net cash outflow from investing activities	<u>(299,215)</u>	<u>(38,652)</u>	<u>(1,368,896)</u>
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital	4,339,000	2,840,230	2,840,230
Cost of issue of ordinary share capital paid	(75,504)	(86,462)	(86,462)
Net cash inflow from financing activities	<u>4,263,496</u>	<u>2,753,768</u>	<u>2,753,768</u>
Net increase in cash and cash equivalents	2,352,415	1,832,036	561,727
Foreign exchange on USD cash balances	<u>(39,868)</u>	<u>(38,621)</u>	<u>(6,328)</u>
		1,793,415	555,399
Cash and equivalents at beginning of period	<u>4,301,344</u>	<u>3,745,945</u>	<u>3,745,945</u>
Cash and cash equivalents at end of period	<u>6,613,891</u>	<u>5,539,360</u>	<u>4,301,344</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, iodine specialty chemical derivatives, produced water and natural gas. 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 iodine production operations in the United States, specifically in Texas, California, Montana, Oklahoma and Wyoming. 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 waste chemical processes in Europe, North America and Asia.

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 82 St. John Street, London EC1M4JN.

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

Iofina's consolidated financial statements are presented in Great British Pounds (£), which is the functional currency of the parent company.

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 2012 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 2012 should be read in conjunction with the annual financial statements for the year ended 31 December 2011 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 2012, which are available on our website www.iofina.com.

3. 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
	2012	2011	2011
	£	£	£
Total assets			
Iofina plc	764,902	843,032	658,820
Iofina Natural Gas, Inc	11,661,940	9,388,107	8,557,789
Iofina Chemical, Inc	9,614,713	9,636,049	8,886,234
Total	22,041,555	19,867,187	18,102,843
Total liabilities			
Iofina plc	5,048	36,163	69,954
Iofina Natural Gas, Inc	64,252	274,071	88,353
Iofina Chemical, Inc	1,913,768	2,051,460	1,345,727
Total	1,983,068	2,361,694	1,504,034
Total capital expenditure			
Iofina plc	-	-	-
Iofina Natural Gas, Inc	437,244	1,769	241,924
Iofina Chemical, Inc	121,200	39,430	1,128,108
Total	558,444	41,199	1,370,032

(b) Geographical segments

The Group also reports by geographical segment. All the Group's activities are related to exploration for, and development of, natural gas and associated 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
	2012	2011	2011
	£	£	£
Total assets			
UK	764,902	843,032	658,820
USA	21,276,653	19,024,155	17,444,023
Total	22,041,555	19,867,187	18,102,843
Capital expenditures			
UK	-	-	-
USA	558,444	41,199	1,370,032
Total	558,444	41,199	1,370,032

	Natural Gas	Chemical	Unallocated Corporate Expense	Total
	£	£	£	£
Six months ended June 30, 2012 (Unaudited)				
Revenue	-	4,862,744		4,862,744
Gross profit		981,135		981,135
Segment result	(821,499)	249,777	(95,450)	(667,172)
Six months ended June 30, 2011 (Unaudited)				
Revenue	-	5,944,437		5,944,437
Gross profit		1,134,404		1,134,404
Segment result	(854,003)	601,986	(175,283)	(427,300)
Year ended December 31, 2012 (Audited)				
Revenue	-	10,045,842		10,045,842
Gross profit		1,487,803		1,487,803
Segment result	(1,329,731)	75,068	(393,285)	(1,647,948)

4. Loss per share

The calculation of loss per ordinary share is based on losses of £667,172 (2011: £427,300) and the weighted average number of ordinary shares outstanding of 127,284,398 (2011: 115,713,098). The warrants are not dilutive and there is, therefore, no difference between the diluted loss per share and the basic loss per share.

5. Share capital

		Unaudited 30 June 2012	Audited 30 June 2011	Audited 31 December 2011
Authorized:				
Ordinary shares of £0.01 each	- number of shares	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
	- nominal value	<u>£10,000,000</u>	<u>£10,000,000</u>	<u>£10,000,000</u>
Allotted, called up and fully paid:				
Ordinary shares of £0.01 each	- number of shares	<u>127,284,398</u>	<u>115,713,098</u>	<u>115,713,098</u>
	- nominal value	<u>£1,272,844</u>	<u>£1,157,131</u>	<u>£1,157,131</u>

6. Income tax

No income tax expense was recognized 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 recognized due to uncertainty over the timing of the recovery of these tax losses.

7. 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.